

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2009



**Midlands
Technical
College**

Included in the Higher Education Funds of the State of South Carolina

MIDLANDS TECHNICAL COLLEGE

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2009

A college included in the higher education funds of the state of South Carolina

Statement of Mission

Midlands Technical College is a comprehensive, urban, public, two-year college serving the primary region of Richland, Lexington and Fairfield counties of South Carolina. College programs and services provide accessible, affordable, high-quality post-secondary education that prepares traditional and nontraditional students to enter the job market, allows them to transfer to senior colleges and universities, and assists them in achieving their professional and personal goals. Through its programs and services, the college equitably provides higher education opportunities and supports the economic growth of the community.



*Prepared by
the Finance and Accounting Office*

*Dr. Ronald L. Rhames
Senior Vice President for Business Affairs*

*Debbie M. Walker, CGFO, M.B.A.
Associate Vice President for Business Affairs*

*Ian A. MacLean, C.P.A., CGFO
Director of Finance and Accounting*

MIDLANDS TECHNICAL COLLEGE

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Fiscal Year Ended June 30, 2009

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PRESIDENT'S LETTER

September 30, 2009

Members of the Midlands Technical College Commission and the Community:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year 2008-2009. Each year, the College publishes the CAFR to provide relevant information concerning its operations and financial position. While this past year has presented many financial challenges, the College has been able to continue its vital mission by operating efficiently and optimizing limited resources.

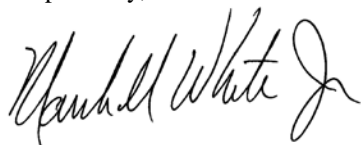
Midlands Technical College remains one of the largest undergraduate higher education institutions in the state, enrolling approximately 18,000 credit students annually. Seventy percent of MTC students enroll in career programs, including Nursing and Health Sciences.

The College continues to expand partnerships with baccalaureate institutions, local school districts, entrepreneurs, economic development entities, and the Midlands Education and Business Alliance (MEBA). Programs like the Bridge Program with Benedict College help expand access to the College. Such partnerships have helped make MTC one of the nation's top 50 associate degree providers for African Americans, awarding more two-year associate degrees to African Americans than any other college in South Carolina.

During the past year the College has also placed a greater emphasis on Quick Jobs training, particularly with the announcement of federal funding for the Quick Jobs Training Center in Fairfield County. We anticipate soon being able to help even more citizens increase the basic skill levels necessary to participate in local economic development opportunities.

This is the thirteenth consecutive year Midlands Technical College has received the prestigious national award from the Government Finance Officers Association of the United States and Canada for its financial reporting. I am pleased to announce, as detailed in this CAFR, that the College is in a strong financial position.

Respectfully,



Dr. Marshall (Sonny) White, Jr.
President





September 30, 2009

To: Midlands Technical College Commission, the President, the Executive Council and the Community served by Midlands Technical College

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of Midlands Technical College for fiscal year ended June 30, 2009.

State law, federal guidelines and certain debt covenants require an annual audit of the College's financial records. The College has contracted with the independent certified public accounting firm of DeLoach & Williamson, L.L.P., to perform the annual audit of its financial statements and federal assistance programs. The Independent Auditor's Report is included in the financial section of this CAFR and reflects an unqualified opinion on the basic financial statements. As a recipient of federal financial awards, the College complies with the requirements of the Single Audit Act, and separate Single Audit reports have been issued, which are included in the Federal Awards section.

The management of the College is responsible for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the information presented is accurate in all material respects and is comparable to peer institutions. All disclosures have been included and will provide the reader with a reasonable understanding of the College's financial activities that support its mission.

The management of the College is responsible for establishing and maintaining the framework of all internal control. In fulfilling this responsibility, estimates and judgments are required to assess the expected benefits and related costs of policies and procedures related to the internal control framework. The system of internal control is designed to ensure that certain organizational objectives are met. Accordingly, organizational structure, policies and procedures have been established to safeguard assets; ensure the reliability of accounting data; promote efficient operations; and ensure compliance with established governmental laws, regulations and policies, college policies, and other requirements of those to whom the College is accountable. The internal accounting control structure is designed to provide reasonable, not absolute, assurance that these objectives are met.

The Management's Discussion and Analysis included in the Financial Section provides a detailed explanation of the changes in financial reporting from the prior year and the resulting effects of those changes, and should be read in conjunction with this letter of transmittal.

PROFILE OF THE COLLEGE

Midlands Technical College is one of 16 colleges included in the South Carolina Technical College System. The State Board for Technical and Comprehensive Education, an agency of the State of South Carolina, governs the system. Midlands Technical College is a comprehensive, public two-year institution that serves Richland, Lexington and Fairfield counties in the Central Midlands region of South Carolina. The College has five campuses, three in Lexington County and two in Richland County, and a teaching location at Fort Jackson that serves enlisted personnel and civilians. The College also delivers instruction in various businesses, industries and public schools located in its service area. It also provides opportunities for students to take classes on the Internet that lead to a degree.



The College's governing board, the Commission, is appointed by the Governor of South Carolina upon the recommendation of the legislative delegations from Richland and Lexington counties. There are 12 Commissioners who are appointed for four-year terms. Currently, there are five Commissioners from Lexington County and seven from Richland County. Officers are elected every two years, with the chairpersonship alternated between the two counties.

State law mandates Richland and Lexington counties to provide sufficient funding to build, maintain and operate the College's physical plant. The division of financial responsibility is based on population and is used each year for budget request purposes. The current distribution is 60 percent for Richland County and 40 percent for Lexington County.

Fairfield County also provides financial support by funding the difference between the in-county tuition rate and the in-state tuition rate for its residents who attend the College. Fairfield County provided 1.1 percent of the total county support for the current fiscal year.

Midlands Technical College is part of South Carolina's primary government and is included in the Comprehensive Annual Financial Report of the State.

The Midlands Technical College Foundation, Inc., (the Foundation) is a nonprofit organization that was formed August 12, 1970, to benefit and support education at Midlands Technical College. It is a legally separate tax exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. A separate board of directors governs the Foundation. The 39-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. The activity of the Foundation is included separately in the College's financial statements.

The Midlands Technical College Enterprise Campus Authority (the Authority) was established in 2004 by S.C. Act 200, codified as sub-article 3, Article 20, Chapter 53, Title 59, of the 1976 South Carolina Code of Laws, as amended. For accounting purposes, the Authority is considered a blended component unit of Midlands Technical College. The Authority was established to provide for the management, development and operation of the Enterprise Campus of Midlands Technical College, located on the Northeast Campus. The Board of the Authority consists of the members of the Midlands Technical College Commission. The activity of the Authority is blended in the financial statements of the College.

The College's strategic planning process includes extensive planning in preparation of the budget. The original operating budget is based on preliminary estimates and is approved by the Commission in May of each year. During its October meeting, the Commission approves the revised budget, which is prepared after major sources of revenue are known.

An annual facility plan, which outlines the needs for operations and maintenance of plant facilities, is used for the budget requests to the counties. A longer-term facility plan is prepared, reviewed and updated annually as the College's initiatives are revised.

The College maintains controls in line-item budgets, budget transfer restrictions and in the use of an encumbrance accounting system. These budgetary controls ensure compliance with the annual budget adopted by the governing board. As demonstrated by the financial statements and schedules included in the financial section of this report, the College management continues to meet its responsibility for sound fiscal administration.



ECONOMIC CONDITIONS

In fiscal year 2008-2009, economically the College and other South Carolina higher education institutions experienced some of the steepest declines in state funding in the nation. MTC experienced state budget reductions totaling 24.4 percent during 2008-2009. In fiscal year ending 2000, state funding represented 41 percent of the College's total expenditures. The College will enter in fiscal year 2009-2010 with the state only funding approximately 16 percent of its total anticipated expenditures.

MTC addressed the significant state budget cuts with a modest increase in tuition and fees, and a major reengineering of the college, eliminating and reallocating approximately \$3 million in cost. The reengineering resulted in the elimination of some educational equipment, student support services, increased faculty teaching loads, delay of capital projects, across-the-board budget reductions, and restructuring of the College's operations including office hours and service levels.

During fiscal year 2008-2009, the counties continued their support by fully funding the College's budget requests to reflect inflation and growth of the College's physical plant. The counties also maintained their commitment to the College's capital and debt-service needs by funding the requested amounts.

The State's economic outlook for fiscal year 2009-2010 is expected to continue to weaken. The College expects to receive additional budget reductions during the fiscal year from the State. Some economists estimate that higher education institutions will see State budget reductions

totaling as much as an additional 12 percent during the fiscal year.

In anticipation of additional state budget reductions, the College's board, the MTC Commission and administration, underwent extensive planning. The College adopted eight principles of sustainability. The principles requires the College to explore new ways to sustain its viability by seeking additional revenue sources to include private funding, other levels of government support and design and implement new pricing for services strategies. Additionally, the College will continue to reengineer its programs and services to reduce cost and increase productivity and efficiencies.

MTC is expected to receive an estimated \$5.24 million in federal stimulus funds over the next two years. However, because the College's budget cuts are permanent, stimulus funds will not supplant the budget cuts, but will instead be used to fund non-recurring expenses.

The College's local service-area economies are expected to experience declines similar to the state's during 2009-2010. However, the College's major supporting counties of Lexington and Richland have adopted ordinances that fully fund the College's budget requests for operations, capital, and debt service. Fairfield County also fully funded the College's budget request to include funding the shortfall from the previous fiscal year.

The MTC Commission and Foundation Board, over the next several years, will intensify their efforts to ensure strong local support because of the state of the economy and limitations placed on county government by the state. The College is also concerned that the pending census will affect the way the College is funded by local governments.



The College will undertake several major initiatives during the next fiscal year that will impact its economic vitality. First, the College will prepare for the visitation of the Southern Association of Colleges and Schools (SACS) Reaccreditation Team. Reaccreditation is essential for the economic health of the College. If the College is not reaccredited, then its students cannot participate in Title IV

financial aid programs, and the transferability of its courses becomes severely limited. The topic for the Quality Enhancement Plan for the reaccreditation process is *The New Student Experience*, which is designed to promote student success by connecting new students to college resources, developing community, and enhancing learning.

Second, the College will begin working with Fairfield County to construct an approximately 10,800-square-foot

educational facility that will focus initially on Quick Jobs training. The facility will include two classrooms, office space, and a flexible bay area for specific skills training based on the needs of area industry. The College also recognizes the need for developmental, general education, and continuing education programs for Fairfield County.

Third, through the Midlands Technical College Foundation, the MTC Commission and administration will develop strategies to acquire a liaison to help seek federal resources. The strategy is designed to help the College get direct federal appropriations and significantly increase federal grants received by the College.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING AND DISTINGUISHED BUDGET AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Midlands Technical College for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This is the College's thirteenth consecutive year receiving this award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report of which all content conforms to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

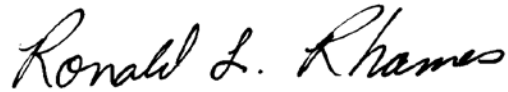
The College received the prestigious Distinguished Budget Presentation Award from the Government Finance Officers Association of the United States and Canada (GFOA) for its annual budget for the fiscal year 2008-2009 for a second year. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

ACKNOWLEDGEMENTS

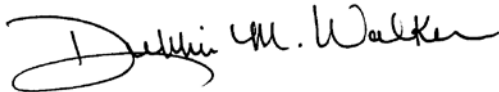
The timely preparation of the Comprehensive Annual Financial Report is a coordinated college-wide effort. We would like to express sincere appreciation to all employees in the Business Affairs Division who contributed to the timely closing of the College's financial records and the preparation of this report; to Advancement's Public Affairs unit for its contributions in design, editing, printing and

publication of the document; and to Advancement's Assessment, Research and Planning unit for providing statistical data. Our sincere appreciation is also expressed to other individuals who provided information as requested and to our Commission for their support of this initiative.

Sincerely,

A handwritten signature in black ink that reads "Ronald L. Rhames". The script is fluid and cursive.

Dr. Ronald L. Rhames
Senior Vice President for Business Affairs

A handwritten signature in black ink that reads "Debbie M. Walker". The script is fluid and cursive.

Debbie M. Walker, CGFO, M.B.A.
Associate Vice President for Business Affairs

A handwritten signature in black ink that reads "ian A MacLean". The script is fluid and cursive.

Ian A. MacLean, C.P.A., CGFO
Director of Finance and Accounting

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Midlands Technical College
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Midlands Technical College

Organizational Data

COMMISSION MEMBERS AND OFFICERS

<u>Commissioner</u>	<u>County</u>	<u>Term Expires</u>
Robert F. Dozier, Jr., Chair	Richland	July 31, 2013
Christopher M. Joye, Vice Chair	Lexington	July 31, 2011
Robert C. Lentz, Treasurer	Richland	July 31, 2011
James Smith, Secretary	Richland	July 31, 2009
Katie M. Bolden	Richland	July 31, 2012
Ronald H. Burkett	Lexington	November 16, 2010
Thomas E. Elliott	Richland	July 31, 2012
*Harriet G. Fields	Richland	July 31, 2012
Randall Jackson	Richland	July 30, 2011
L. Todd Sease	Lexington	May 11, 2011
Peter E. Sercer	Lexington	November 16, 2011
Robert P. Wilkins, Jr.	Lexington	November 16, 2012

*Deceased

EXECUTIVE COUNCIL

Marshall (Sonny) White, Jr.	President
Ronald L. Rhames	Senior Vice President for Business Affairs
Starnell K. Bates	Vice President for Advancement
Ronald L. Drayton	Vice President for Academic Affairs
Vann H. Gunter	Vice President for Economic Development and Continuing Education
Sandra L. Oliver	Vice President for Student Development Services
Tom Ledbetter	Executive Director Enterprise Campus
Nancy Pedersen	Executive Assistant to the President

BUSINESS AFFAIRS DIVISION

Ronald L. Rhames	Senior Vice President for Business Affairs
Debbie M. Walker	Associate Vice President for Business Affairs
Stanley Bolton	Director of Auxiliary Services
Craig Hess	Director of Plant Operations
Anthony Hough	Director of Information Resource Management
Ian A. MacLean	Director of Finance and Accounting
Marcia Medway	Director of Support Services
Crystal Rookard	Director of Human Resource Management/Legal Counsel

COMMISSIONERS



Robert F. Dozier, Jr.
Chairman



Christopher M. Joye
Vice Chairman



Robert C. Lentz
Treasurer



James Smith
Secretary



Katie M. Bolden



Ronald H. Burkett



Thomas E. Elliott



Harriet G. Fields



Randall Jackson



Todd L. Sease



Peter E. Sercer



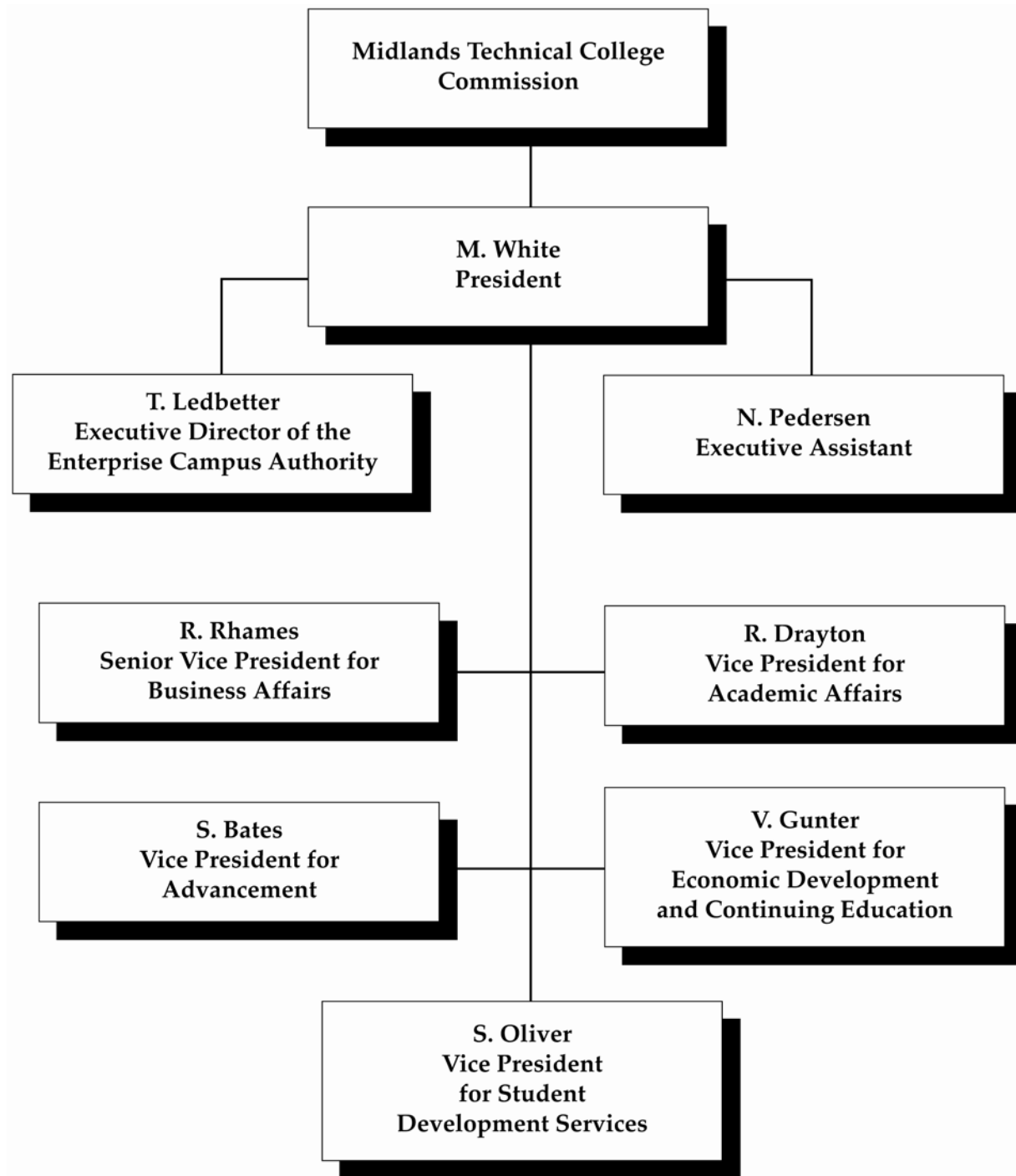
Robert P. Wilkins, Jr.



Marshall (Sonny) White, Jr.
Ex-officio
President
Midlands Technical College

Midlands Technical College

Organizational Chart



Midlands Technical College

College-Wide Goals and Priority Initiatives

Goal 1: The College embraces an innovative learning environment that enhances teaching, learning and individual development.

Priority Initiatives:

1. Define and continuously refine what learning community means to MTC.
2. Develop and strengthen all aspects of programs and services.
3. Provide community access to college and career opportunities.
4. Enhance student retention and goal attainment.
5. Identify and implement student-centered learning enhancements.
6. Promote faculty and staff participation in innovative strategies to enhance the learning environment.
7. Promote global awareness.
8. Integrate diversity and multiculturalism into programs and services.

Goal 2: The College prepares a workforce that meets the demands of business and industry.

Priority Initiatives:

1. Align curricula with workforce needs.
2. Develop employability skills.
3. Provide a critical mass of employable students with competencies and credentials to meet employer needs.
4. Promote career planning and adaptability to prepare students for current and emerging career opportunities.

Goal 3: The College collaborates with educational and community partners to create seamless curricula and quality services for the diverse population bridging K-12, two-year college and university education.

Priority Initiatives:

1. Expand course offerings, student services and articulation with higher education institutions.
2. Expand collaboration and interaction with area school districts.
3. Enhance education through community interaction and adoption of nationally recognized curricula and standards.

Goal 4: The College partners with community constituencies to strengthen the educational, social and economic vitality of the community.

Priority Initiatives:

1. Collaborate with economic development organizations and higher education institutions to increase business and industry development.
2. Expand and strengthen the role of program advisory committees.
3. Seek opportunities for dialogue and interaction to ensure the college is proactive in its participation in advancing the community.
4. Promote learning opportunities that strengthen civic responsibility.

Goal 5: The College serves as a catalyst in economic development.

Priority Initiatives:

1. Design and implement innovative, proactive programs to address the needs of the business community and expand the workforce.
2. Promote public/private partnerships and enterprise development.
3. Establish programs to promote entrepreneurship and small business development.

Goal 6: The College validates its programs and services through a comprehensive evaluation process.

Priority Initiatives:

1. Develop systemic processes that provide the leadership of the College with information and data to support strategic and operational decision-making.
2. Support the development and use of national and peer comparisons to measure the effectiveness and efficiency of academic and administrative performance.
3. Support department-based research by faculty and staff.
4. Enhance the College's national recognition as a leader in institutional planning, effectiveness, assessment and innovative research concepts.
5. Develop and disseminate information needed to influence the direction of post-secondary education in South Carolina.
6. Develop and implement comprehensive risk management strategies.

Goal 7: The College engages in efficient, effective and innovative resource development and management.

Priority Initiatives:

1. Seek partnerships with local agencies and higher education institutions to enhance and leverage resources.
2. Seek and obtain alternate funding.
3. Develop methods to conserve resources and increase revenue.
4. Position the college to maximize state and local support.

Goal 8: The College recruits, retains and develops exceptional faculty and staff.

Priority Initiatives:

1. Provide opportunities and funding to ensure the ongoing professional development of faculty and staff.
2. Develop and implement innovative strategies for the recruitment and retention of faculty and staff.
3. Ensure accurate and meaningful communication college-wide.
4. Integrate diversity and multiculturalism into employment practices and professional development.

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DELOACH & WILLIAMSON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
1401 MAIN STREET, SUITE 660
COLUMBIA, SOUTH CAROLINA 29201

PHONE: (803) 771-8855
FAX: (803) 771-6001

REPORT OF INDEPENDENT AUDITORS

The President and Members of the Area Commission
Midlands Technical College
Columbia, South Carolina

We have audited the accompanying basic financial statements of Midlands Technical College, (the "College"), including its blended component unit, the Midlands Technical College Enterprise Campus Authority (the "Authority"), and its discretely presented component unit, Midlands Technical College Foundation, Inc. (the "Foundation"), as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the basic financial statements referred to above present fairly, in all material respects, the financial position of Midlands Technical College, including its blended component unit, the Midlands Technical College Enterprise Campus Authority, and of its discretely presented component unit, Midlands Technical College Foundation, Inc., at June 30, 2009, and the respective changes in financial position and the cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 24, 2009, on our consideration of the College's internal control over financial reporting and our tests of its compliance with provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Midlands Technical College taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Additionally, the introductory and statistical sections as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Rebecca E. Williamson, C.C.P.

September 24, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS



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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Midlands Technical College (the College) Comprehensive Annual Financial Report presents management's discussion and analysis of the College's financial performance during the fiscal year ended June 30, 2009.

This discussion should be read in conjunction with the transmittal letter, the College's basic financial statements, the component units' financial statements and the notes to the financial statements.

COMPONENT UNITS

The College has included the Midlands Technical College Foundation, Inc., (the Foundation) and the Midlands Technical College Enterprise Campus Authority (the Authority) in its financial statements in accordance with Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The Foundation is reported as a discretely presented component unit of the College. The Statement of Financial Position, the Statement of Activities and relevant note disclosures for the Foundation follow the College's financial statements. The governing body of the Authority is essentially the same board as that of the College and it provides services that benefit the College, although it does not provide services directly to the College; therefore the Authority is reported as a blended component unit and the activity is included in the financial statements of the College.

Complete financial statements for the Foundation or the Authority may be obtained by mailing a request to Midlands Technical College, Associate Vice President for Business Affairs, Post Office Box 2408, Columbia, South Carolina 29202.

USING THIS ANNUAL REPORT

Midlands Technical College is pleased to present its financial statements for fiscal year ended June 30, 2009. Comparative financial statements are not presented in this report; however, condensed data is presented in this section, which will aid the reader in assessing the changes in the College's financial position since last year. The emphasis of discussions regarding these statements will focus on the current year.

The College is engaged only in Business-Type Activities that are financed in part by fees charged to students for educational services. Accordingly, its activities are reported using the three financial statements required for proprietary funds: Statement of Net Assets; Statement of Revenues, Expenses and Changes in Net Assets; and Statement of Cash Flows. These statements present financial information in a format similar to that used by the private sector.

STATEMENT OF NET ASSETS

The Statement of Net Assets provides a snapshot of the College's assets, liabilities and net assets at the end of the fiscal year. It provides the reader with information concerning the institution's ability to continue its operations and to determine its financial stability.

Assets and liabilities are separated into current, those that are due or to be paid within the current year, and non-current, those that are longer term in nature. Net assets represent the difference between total assets and total liabilities and provides information, in part, concerning any amount available to be spent by the institution.

Net assets are divided into three major categories. The first category, *invested in capital assets, net of related debt*, provides the equity in property, plant and equipment owned by the College. The next category, which is *restricted net assets*, is expendable in nature and is specifically for capital projects and debt service, as indicated. The final category of net assets is *unrestricted*, and not subject to external stipulations. These amounts represent the net assets of the Authority and the College's 30-day operating reserve.

Assets

The following schedule is a condensed version of the College's assets, liabilities and net assets and is prepared from the Statement of Net Assets.

Condensed Summary of Net Assets As of June 30, 2009 and 2008 (in millions)

	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Current Assets	\$ 48.9	\$ 44.3	\$ 4.6	10.4%
Non-Current Assets				
Capital Assets (Net of Depreciation)	60.5	56.8	3.7	6.5 %
Other	5.6	9.0	(3.4)	(37.8)%
Total Assets	<u>115.0</u>	<u>110.1</u>	<u>4.9</u>	<u>4.5 %</u>
Current Liabilities	9.9	10.1	(0.2)	(2.0)%
Non-Current Liabilities	<u>19.7</u>	<u>20.3</u>	<u>(0.6)</u>	<u>(3.0)%</u>
Total Liabilities	<u>29.6</u>	<u>30.4</u>	<u>(0.8)</u>	<u>(2.6)%</u>
Net Assets				
Investment in Capital Assets	43.6	43.7	(0.1)	(0.2)%
Restricted for: Expendable	36.7	30.7	6.0	19.5%
Unrestricted	<u>5.1</u>	<u>5.3</u>	<u>(0.2)</u>	<u>(3.8)%</u>
Total Net Assets	<u>\$ 85.4</u>	<u>\$ 79.7</u>	<u>\$ 5.7</u>	<u>7.2 %</u>

A strong indicator of the financial health of the College for the year is in the approximate 5:1 ratio of current assets in the amount of \$48.9 million to current liabilities in the amount of \$9.9 million. The College maintains fiscally sound budget practices that provide for the conservative balance between the two categories.

Total net assets for the year were \$85.4 million, up by \$5.7 million from the prior year.

Current assets were \$4.6 million of the overall increase of \$4.9 million in total assets for the fiscal year. The increases and decreases are explained as follows:

- Short term investments comprise approximately \$5.2 million of the increase in current assets over the prior fiscal year. Cash decreased by approximately \$1.6 million from the prior year.
- Accounts receivable increased to \$6.2 million, an increase of \$1.0 million over the prior year. The increase was primarily due to federal and state grants.
- Inventories and prepaid expenses netted against each other had negligible changes from the prior year period.

Non-current assets include capital assets net of depreciation and other assets, which is comprised primarily of restricted cash. Capital assets net of depreciation were \$60.5 million for the year, an increase of \$3.4 million from the prior year period. Other non-current assets decreased by \$3.4 million for the year due primarily to the expenditure of restricted cash for capital projects. See Note 5 for additional information. As construction is completed, invoices are submitted resulting in a net reduction in restricted cash. The changes from the prior year are explained as follows:

- The College capitalized the Northeast Campus Business Accelerator Building, which was opened in the fall of 2008. This \$5.0 million, 25,000-square-foot facility has flexible multi-bay space and is designed to serve emerging businesses and technologies at Midlands Technical College.
- Construction in progress increased by \$1.2 million, consisting of a general purpose classroom and auditorium on the Harbison Campus. This new facility, a budgeted \$8.0 million project, will allow the College to fully meet its strategic objectives to add credit courses on the campus. The Harbison building should be completed by the spring of 2010.
- Depreciation expense accounted for \$2.9 million. See Note 5 for additional information.

The following table contains an analysis of capital assets as of June 30, 2009 and 2008.

**Analysis of Capital Assets
As of June 30, 2009 and 2008
(in millions)**

	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Land and Improvements	\$ 5.2	\$ 5.2	\$ 0.0	0.0%
Construction in Progress	6.9	5.7	1.2	21.5%
Works of Art	0.1	0.1	0.0	0.0%
Buildings and Improvements	72.0	67.5	4.5	6.7%
Machinery, Equipment, Vehicles & Other	12.0	11.4	0.6	5.2%
Total Capital Assets	<u>\$ 96.2</u>	<u>\$ 89.9</u>	<u>\$ 6.3</u>	<u>7.0%</u>
Less Accumulated Depreciation	<u>(35.7)</u>	<u>(33.1)</u>	<u>(2.6)</u>	<u>7.8%</u>
Capital Assets	<u>\$ 60.5</u>	<u>\$ 56.8</u>	<u>\$ 3.7</u>	<u>6.6%</u>

See Note 5 for additional information.

Liabilities

Total liabilities were \$29.6 million, which is a decrease of \$0.8 million over the prior fiscal year. Current liabilities decreased by \$0.2 million.

Net Assets

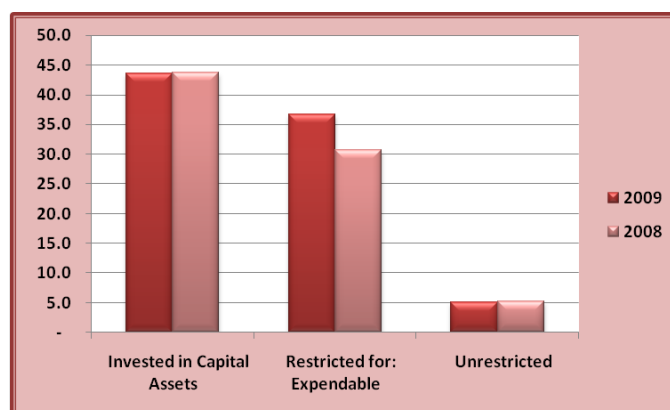
Total net assets at June 30, 2009, are \$85.4 million, an increase of \$5.7 million from the prior fiscal year.

Investment in capital assets are \$43.6 million. Restricted net assets have increased by \$6.0 million.

Over the prior year, unrestricted net assets were down slightly by \$0.2 million, bringing this year's total to \$5.1 million. Unrestricted net assets consist of the College's 30-day operating reserve that excludes nonessential expenses.

The following chart is a graphic representation of the College's Net Assets at June 30, 2009 and 2008.

**Comparative Net Assets
Fiscal Years 2009 and 2008**



STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The Statement of Revenues, Expenses and Changes in Net Assets present and categorize revenues earned and expenses incurred during the year by operating and non-operating. Generally, operating revenues and expenses are those which are received and used to carry out the mission of the College. The College depends heavily on financial support from the state and counties for which services are provided. This support is reflected as non-operating revenue based on governmental accounting standards. The College will always reflect an operating deficit due to the dependence on state and local funding. Non-operating revenues and expenses offset the operating deficit and result in an overall increase in net assets for the year. State capital appropriations and capital grants and gifts are considered neither operating nor non-operating revenues and are reported after "income before other revenues, expenses, gains or losses."

Operating Results

The following schedule summarizes the College's operating results for fiscal year ended June 30, 2009, with comparative data for fiscal year ended June 30, 2008. Certain amounts in the prior year have been reclassified to conform to current year presentation.

Condensed Summary of Revenues, Expenses and Changes in Net Assets As of June 30, 2009 and 2008 (in millions)

	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Revenues				
Tuition and Fees	\$ 27.5	\$ 25.3	2.2	8.7%
Grants and Contracts	28.7	24.9	3.8	15.3%
Auxiliary	7.4	6.8	0.6	8.9%
Other	0.6	0.7	(0.1)	(7.1)%
Total Operating Revenues	64.2	57.8	6.5	11.2%
Less Operating Expenses	86.2	85.8	0.4	0.5%
Net Operating Loss	(22.0)	(28.0)	6.0	(21.3)%
Non-operating Revenue				
State Appropriations	16.4	21.4	(5.0)	(23.3)%
Local Appropriations	10.1	9.6	0.5	5.5%
Other	1.2	2.0	(0.8)	(40.0)%
Total Non-operating Revenue	27.7	33.0	(5.3)	(16.0)%
Increase in Net Assets	5.7	5.0	0.7	13.9%
Net Assets, Beginning of Year	79.7	74.7	5.0	6.7%
Net Assets, End of Year	\$ 85.4	\$ 79.7	\$ 5.7	7.2%
Total Revenues	\$ 91.9	\$ 90.7	\$ 1.2	1.3%

Revenue

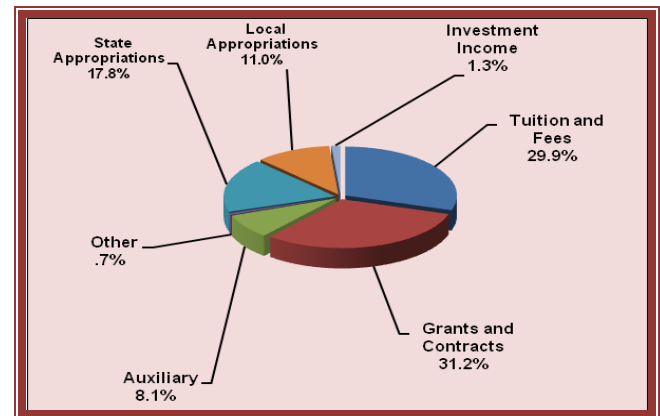
Total revenue increased from \$90.7 million in the prior fiscal year to \$91.9 million, an increase of \$1.2 million or 1.4 percent.

Operating revenue increased by 6.5 million, while non-operating revenue decreased by 5.3 million. The increase in tuition and fees is primarily a result of a price increase in conjunction with small enrollment growth as compared to the prior year. Grants and contracts increased primarily as a result of an increase in the Pell award and other federal student aid. For auxiliary services, the increase is primarily due to more volume as a result of market expansion and enrollment growth.

The decreases in non-operating revenue occurred primarily in state and local appropriations.

The following graph represents sources and percentages of revenue to the College for the fiscal year.

REVENUE BY SOURCE



Expenses

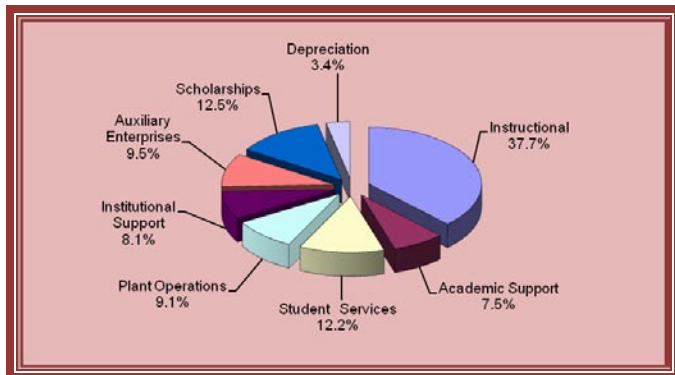
Operating expenses were \$86.2 million for the fiscal year, an increase of \$0.4 million or 0.5 percent over the prior year. Salaries and benefits increased by approximately \$0.2 million, an increase of 0.24 percent. The College's governing board approved a 0.5 percent salary increase for employees.

Scholarships to students increased by approximately \$1.6 million. This is related to an increase in the maximum award for eligible Pell grant students.

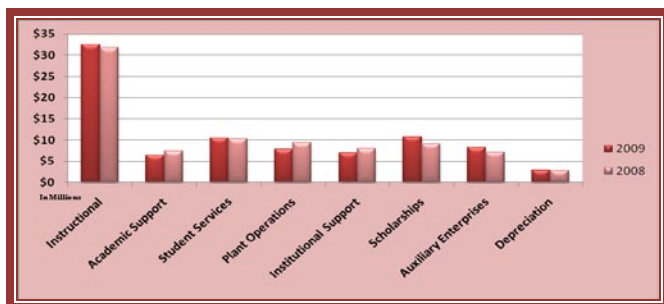
Utilities, supplies and other services increased by \$0.1 million. Depreciation expense decreased by approximately \$0.1 million from the prior year.

The following graphs depict operating expenses by function for fiscal year ended June 30, 2009, and a comparison of operating expenses by function for fiscal years ended 2009 and 2008.

OPERATING EXPENSES BY FUNCTION



COMPARISON OF OPERATING EXPENSES BY FUNCTION Fiscal years 2009 and 2008



STATEMENT OF CASH FLOWS

The Statement of Cash Flows is the final statement to be presented. It presents detailed information about the cash activity of the College during the year and provides the reader with the sources and uses of cash by the major categories of operating, non-capital financing, capital and related financing, and investing activities. This statement will always show a net use of cash in the section "Cash Flows From Operating Activities" due to the College's dependence on state and local appropriations.

The statement is divided into five parts. The first section reflects the operating cash flows and shows the net cash used by the operating activities of the College. The second section reflects cash flows from non-operating financing activities. This section shows the cash received and spent for non-operating, non-investing, and non-capital financing

activities. The third section reflects cash flows from capital and related financing activities and shows the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The final section reconciles the net cash used to the operating loss reflected on the Statement of Revenues, Expenses and Changes in Net Assets.

Cash decreased by approximately \$5.0 million from last year. Net cash flows from operating activities increased by \$2.4 million, primarily from increases in tuition, auxiliary revenue, and federal, state and local grants.

Condensed Summary of Cash Flow As of June 30, (in millions)

	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease)</u>
Net cash flow used by Operating activities	\$ (20.7)	\$ (23.1)	\$ 2.4
Net cash flow provided by Noncapital financing activities	25.0	29.6	(4.6)
Net cash used by capital and related financing activities	(5.2)	(6.7)	1.5
Net cash provided (used) by investing activities	<u>(4.1)</u>	<u>(3.3)</u>	<u>(0.8)</u>
Net increase (decrease) in cash	(5.0)	(3.5)	(1.5)
Cash- beginning of year	12.6	16.1	(3.5)
Cash- end of year	<u>\$ 7.6</u>	<u>\$ 12.6</u>	<u>\$ (5.0)</u>

Debt Administration

The College's financial statements reflect \$16,735,000 in (general obligation) bonds payable. These bonds are general obligation bonds of the state backed by the full faith, credit and taxing power of the state. Tuition revenue is pledged up to the amount of annual debt requirements for the annual payment of principal and interest on the bonds.

Also outstanding at June 30, 2009, is a capital lease payable in the amount of \$64,317 for equipment purchased previously. The College partially financed an upgrade to the hardware that supports its administrative systems with proceeds from this lease. For additional information on debt administration, please refer to Notes 12 and 13.

Economic Factors

The economic condition of the College is dependent to a large degree on that of the state and local governments. The current recession has impacted the College through reductions in state funding for current operations. Current operations experienced a 24.0 percent reduction in state operational funding with additional cuts projected for next year. Tuition increases related to planned improvements offset state reductions at the sacrifice of improvements in the financial ability of the College to implement new programs, fund new facilities and provide improved supplies and equipment for the College. As during the past recessions, student enrollment has increased at a faster pace than in good economic times, requiring greater expenditures for services rendered. Local government support for the College remains strong and continues to provide funding for ongoing maintenance, renovation, and construction of new facilities. The state's economic outlook for fiscal year 2009 – 2010 is projected to decline during the year and result in budget reductions.

Requests for Information

Additional information or questions concerning any of the information provided should be requested from the College's Associate Vice President for Business Affairs at Midlands Technical College, P.O. Box 2408, Columbia, SC 29202, or by email at walkerd@midlandstech.edu.

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BASIC FINANCIAL STATEMENTS



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MIDLANDS TECHNICAL COLLEGE
STATEMENT OF NET ASSETS
June 30, 2009

	<u>Midlands Technical College</u>	<u>Enterprise Campus Authority</u>	<u>Total Primary Government</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,990,987	\$ —	\$ 1,990,987
Short-term investments	37,740,058	—	37,740,058
Accounts receivable, net	6,200,955	18,631	6,219,586
Inventories	2,245,232	—	2,245,232
Other assets	745,759	—	745,759
Internal balances	<u>(230,308)</u>	<u>230,308</u>	<u>—</u>
Total current assets	<u>48,692,683</u>	<u>248,939</u>	<u>48,941,622</u>
Noncurrent assets:			
Restricted cash and cash equivalents	5,586,864	—	5,586,864
Capital assets:			
Depreciable, net of accumulated depreciation	43,850,368	4,396,450	48,246,818
Non-depreciable	<u>9,502,064</u>	<u>2,759,000</u>	<u>12,261,064</u>
Total noncurrent assets	<u>58,939,296</u>	<u>7,155,450</u>	<u>66,094,746</u>
Total assets	<u>107,631,979</u>	<u>7,404,389</u>	<u>115,036,368</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,230,245	—	2,230,245
Accrued payroll and related liabilities	691,344	—	691,344
Funds held for others	1,244,257	—	1,244,257
Deferred revenue	4,657,571	—	4,657,571
Long-term liabilities – current portion:			
Bonds payable	625,000	—	625,000
Notes payable	64,317	—	64,317
Compensated absences	180,722	—	180,722
Accrued interest payable	<u>192,512</u>	<u>—</u>	<u>192,512</u>
Total current liabilities	<u>9,885,968</u>	<u>—</u>	<u>9,885,968</u>
Noncurrent liabilities:			
Long-term liabilities – non-current portion:			
Bonds payable	16,110,000	—	16,110,000
Compensated absences	3,557,677	—	3,557,677
Bond premium	<u>80,034</u>	<u>—</u>	<u>80,034</u>
Total noncurrent liabilities	<u>19,747,711</u>	<u>—</u>	<u>19,747,711</u>
Total liabilities	<u>29,633,679</u>	<u>—</u>	<u>29,633,679</u>
NET ASSETS			
Invested in capital assets, net of related debt	36,473,082	7,155,450	43,628,532
Restricted for:			
Expendable:			
Capital projects	34,402,115	—	34,402,115
Debt service	2,302,791	—	2,302,791
Unrestricted	<u>4,820,312</u>	<u>248,939</u>	<u>5,069,251</u>
Total net assets	<u>\$ 77,998,300</u>	<u>\$ 7,404,389</u>	<u>\$ 85,402,689</u>

The accompanying notes are an integral part of these financial statements.

MIDLANDS TECHNICAL COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2009

	<u>Midlands Technical College</u>	<u>Enterprise Campus Authority</u>	<u>Total Primary Government</u>
REVENUES			
Operating revenues:			
Student tuition and fees (net of scholarship allowances of \$14,093,354)	\$ 27,458,566	\$ —	\$ 27,458,566
Federal grants and contracts	18,185,837	—	18,185,837
State grants and contracts	10,488,055	—	10,488,055
Nongovernmental grants and contracts	50,495	—	50,495
Sales and services of educational departments	49,404	—	49,404
Auxiliary enterprises (net of book allowances of \$1,903,672)	7,375,019	71,100	7,446,119
Other operating revenues	<u>632,841</u>	<u>(52,902)</u>	<u>579,939</u>
Total operating revenues	<u>64,240,217</u>	<u>18,198</u>	<u>64,258,415</u>
EXPENSES			
Operating expenses:			
Salaries	41,659,674	—	41,659,674
Benefits	10,716,789	—	10,716,789
Scholarships	10,806,293	—	10,806,293
Utilities	1,704,171	—	1,704,171
Supplies and other services	18,355,014	47,632	18,402,646
Depreciation	<u>2,833,298</u>	<u>112,730</u>	<u>2,946,028</u>
Total operating expenses	<u>86,075,239</u>	<u>160,362</u>	<u>86,235,601</u>
Operating loss	<u>(21,835,022)</u>	<u>(142,164)</u>	<u>(21,977,186)</u>
NONOPERATING REVENUES (EXPENSES)			
State appropriations	16,429,386	—	16,429,386
Local appropriations	8,007,084	—	8,007,084
Investment income (net of investment expenses)	1,166,229	—	1,166,229
Interest on capital asset-related debt	(694,459)	—	(694,459)
Federal grants and contracts	37,968	—	37,968
Other nonoperating	<u>(9,000)</u>	<u>—</u>	<u>(9,000)</u>
Net nonoperating revenues (expenses)	<u>24,937,208</u>	<u>—</u>	<u>24,937,208</u>
Income before other revenues, expenses, gains, or losses	<u>3,102,186</u>	<u>(142,164)</u>	<u>2,960,022</u>
Capital grants, gifts, revenue, and appropriations:			
Contributed capital assets	62,000	—	62,000
Research university infrastructure bonds	37,409	—	37,409
Local capital appropriations	2,077,644	—	2,077,644
State capital appropriations	<u>606,897</u>	<u>—</u>	<u>606,897</u>
Total capital grants, gifts, revenue, and appropriations	<u>2,783,950</u>	<u>—</u>	<u>2,783,950</u>
Increase (decrease) in net assets before transfers	5,886,136	(142,164)	5,743,972
Transfers – Enterprise Campus Authority	<u>(7,228,180)</u>	<u>7,228,180</u>	<u>—</u>
Increase (decrease) in net assets after transfers	(1,342,044)	7,086,016	5,743,972
Net assets – beginning of year	<u>79,340,344</u>	<u>318,373</u>	<u>79,658,717</u>
Net assets – end of year	<u>\$ 77,998,300</u>	<u>\$ 7,404,389</u>	<u>\$ 85,402,689</u>

The accompanying notes are an integral part of these financial statements.

MIDLANDS TECHNICAL COLLEGE
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2009

	Midlands Technical College	Enterprise Campus Authority	Total Primary Government
CASH FLOWS FROM OPERATING ACTIVITIES			
Student tuition and fees – net of scholarship allowances	\$ 27,634,690	\$ –	\$ 27,634,690
Federal, state and local grants and contracts	28,237,474	–	28,237,474
Non-governmental contracts	50,495	–	50,495
Sales and services of educational departments	49,404	–	49,404
Auxiliary Enterprise charges	7,446,119	–	7,446,119
Other receipts	579,939	–	579,939
Payments to vendors	(53,202,856)	(48,065)	(53,250,921)
Payments to employees	(31,505,382)	–	(31,505,382)
Amounts provided to students - governmental student loan program	(20,659,630)	–	(20,659,630)
Amounts provided from lenders	<u>20,659,630</u>	<u>–</u>	<u>20,659,630</u>
Net cash flows used by operating activities	<u>(20,710,117)</u>	<u>(48,065)</u>	<u>(20,758,182)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State appropriations	16,429,386	–	16,429,386
County appropriations	8,007,084	–	8,007,084
State, local and federal grants, gifts and contracts – nonoperating	99,968	–	99,968
Expended for agency funds	519,118	–	519,118
Interfund Activity	<u>(48,065)</u>	<u>48,065</u>	<u>–</u>
Net cash flows provided by noncapital financing activities	<u>25,007,491</u>	<u>48,065</u>	<u>25,055,556</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Local appropriations for capital	2,077,644	–	2,077,644
Research university infrastructure bonds	46,103	–	46,103
State appropriations for capital	607,849	–	607,849
Purchase of capital assets	(6,557,996)	–	(6,557,996)
Principal paid on capital debt	(662,078)	–	(662,078)
Interest paid on capital debt	<u>(701,854)</u>	<u>–</u>	<u>(701,854)</u>
Net cash flows used by capital and related financing activities	<u>(5,190,332)</u>	<u>–</u>	<u>(5,190,332)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	35,165,136	–	35,165,138
Interest on investments	949,038	–	949,038
Purchase of investments	<u>(40,249,562)</u>	<u>–</u>	<u>(40,249,562)</u>
Net cash flows used by investing activities	<u>(4,135,388)</u>	<u>–</u>	<u>(4,135,386)</u>
Net decrease in cash	(5,028,346)	–	(5,028,346)
Cash – beginning of year	<u>12,606,197</u>	<u>–</u>	<u>12,606,197</u>
Cash – end of year	<u>\$ 7,577,851</u>	<u>\$ –</u>	<u>\$ 7,577,851</u>
Reconciliation of net operating loss to net cash used by operating activities:			
Operating loss	\$ (21,835,022)	\$ (142,164)	\$ (21,977,186)
Adjustments to reconcile operating loss to net cash:			
Depreciation expense	2,833,298	112,730	2,946,028
Change in assets and liabilities:			
Receivables, net	(1,553,473)	(18,631)	(1,573,104)
Allowance for doubtful accounts	446,345		446,345
Inventories	260,143	–	260,143
Deferred charges and prepaid expense	(201,047)	–	(201,047)
Deferred revenue	740,032	–	740,032
Accounts payable	(1,480,182)	–	(1,480,182)
Accrued leave payable	<u>79,789</u>	<u>–</u>	<u>79,789</u>
Net cash flows used by operating activities	<u>\$ (20,710,117)</u>	<u>\$ (48,065)</u>	<u>\$ (20,758,182)</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Non-cash investing activities – change in fair value of investments	\$ 181,958	\$ –	\$ 181,958
Capitalized interest	88,025	–	88,025
Contributed capital assets	<u>62,000</u>	<u>–</u>	<u>62,000</u>
Total non-cash investing, capital and financing activities	<u>\$ 331,983</u>	<u>\$ –</u>	<u>\$ 331,983</u>

The accompanying notes are an integral part of these financial statements.

MIDLANDS TECHNICAL COLLEGE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
As of June 30, 2009

	<u>2009</u>
Assets	
Cash and equivalents	\$ 304,256
Contributions receivable, net	576,787
Other receivable	5,098
Investments – real estate	45,000
Investments	<u>4,227,401</u>
Total assets	<u><u>\$ 5,158,542</u></u>
Liabilities and Net Assets	
Liabilities:	
Accounts payable	<u>\$ 31,365</u>
Total liabilities	<u>31,365</u>
Net assets:	
Unrestricted – undesignated	765,328
Unrestricted – designated	80,761
Temporarily restricted	1,351,580
Permanently restricted	<u>2,929,508</u>
Total net assets	<u>5,127,177</u>
Total liabilities and net assets	<u><u>\$ 5,158,542</u></u>

The accompanying notes are an integral part of these financial statements.

MIDLANDS TECHNICAL COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
for the year ended June 30, 2009

	<u>Unrestricted</u>		<u>Temporarily</u>	<u>Permanently</u>	<u>Totals</u>
	<u>Undesignated</u>	<u>Designated</u>	<u>Restricted</u>	<u>Restricted</u>	<u>2009</u>
Revenue, gains, and other support					
Contributions	\$ 119,497	\$ (5,898)	\$ 664,519	\$ 64,835	\$ 842,953
Income on long-term investments	46,236	21,011	56,537	—	123,784
Other investment income	4,302	—	—	—	4,302
Net unrealized and realized gains (losses)					
on long-term investments	(673,946)	(63,179)	(170,392)	—	(907,517)
Net assets released from restrictions:					
Satisfaction of program restrictions	301,792	—	(301,792)	—	—
Expiration of time restrictions	<u>43,040</u>	<u>—</u>	<u>(43,040)</u>	<u>—</u>	<u>—</u>
Total revenue, gains and other support	<u>(159,079)</u>	<u>(48,066)</u>	<u>205,832</u>	<u>64,835</u>	<u>63,522</u>
Expenses and losses					
Management and general	27,738	—	—	—	27,738
College support	455,135	—	—	—	455,135
Student support	65,042	10,491	—	—	75,533
Fundraising	<u>5,666</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,666</u>
Total expenses	<u>553,581</u>	<u>10,491</u>	<u>—</u>	<u>—</u>	<u>564,072</u>
Change in net assets	(712,660)	(58,557)	205,832	64,835	(500,550)
Net assets at beginning of year	<u>1,477,988</u>	<u>139,318</u>	<u>1,145,748</u>	<u>2,864,673</u>	<u>5,627,727</u>
Net assets at end of year	<u>\$ 765,328</u>	<u>\$ 80,761</u>	<u>\$ 1,351,580</u>	<u>\$ 2,929,508</u>	<u>\$ 5,127,177</u>

The accompanying notes are an integral part of these financial statements.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Midlands Technical College (the College), a member institution of the South Carolina Technical College System, provides a range of educational programs to meet the needs of the adult population of Richland, Lexington and Fairfield counties. Included in this range of programs are technical and occupational associate degree, diploma and certificate curricula that are consistent with the needs of employers in the College's service area. As an integral part of this mission, the College provides a program of continuing education designed to satisfy the occupational demands of employers through retraining and upgrading the skills of individual employees. The College also provides a variety of developmental education programs, support services and offerings to assist students in meeting their personal and professional educational objectives.

Reporting Entity

The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB), consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the reporting entity are such that exclusion could cause the financial statements to be misleading or incomplete. Accordingly, the financial statements include the accounts of Midlands Technical College, together with the Midlands Technical College Enterprise Campus Authority as the primary government, and the accounts of the Midlands Technical College Foundation (the Foundation), its component unit. The College is part of the primary government of the State of South Carolina. However, based on the nature and significance of the Foundation's relationship with the State of South Carolina, the Foundation is not a component unit of the State of South Carolina.

The Midlands Technical College Enterprise Campus Authority (the Authority) was established in 2004 by SC Act 200, codified as sub-article 3, Article 20, Chapter 53, Title 59, of the 1976 South Carolina Code of Laws, as amended. For accounting purposes, the Authority is considered a component unit of Midlands Technical College. The Authority was established to provide for the management, development and operation of the Enterprise Campus of Midlands Technical College, located on the Northeast Campus. The Board of the Authority consists of the members of the Midlands Technical College

Commission. The activity of the Authority is blended in the financial statements of the College.

Midlands Technical College Foundation, Inc., (the Foundation) is a not-for-profit organization that was formed August 12, 1970, to benefit and support education at Midlands Technical College.

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The 39-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College or its students by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

Financial Statements

The financial statements of the College and its blended component unit, are presented in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*; GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. The financial statement presentation required by these statements provides a comprehensive, entity-wide perspective of the College's net assets, revenues, expenses and changes in net assets and cash flows. Beginning with the 2006 Comprehensive Annual Financial Report, the College implemented GASB Statement No. 44, *Economic Condition Reporting: the Statistical Section*, and updated the information presented in the statistical section. Due to reporting format and definition changes prescribed by GASB Statement No. 34, certain schedules present fiscal years 2002-2009 rather than the last ten years.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The College has applied the requirements applicable to cost-sharing employers for GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pensions*, which require disclosures related to other postemployment benefits and are presented in *Note 7*.

The financial statements of the Midlands Technical College Foundation are presented in accordance with Financial Accounting Standards Board (FASB) Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. The Foundation's revenue and expenses are recognized as increases and decreases in one of three net asset classifications – unrestricted, temporarily restricted, and permanently restricted. Permanently restricted net assets consists of contributions and other inflows of assets whose use is limited in perpetuity by donor imposed stipulations. Temporarily restricted net assets consists of contributions and other transactions whose use is limited by time or purpose by donor imposed stipulations. Unrestricted net assets are transactions which are neither temporarily nor permanently restricted. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Financial statements for the Foundation can be obtained by mailing a request to Midlands Technical College Foundation, Post Office Box 2408, Columbia, South Carolina 29202.

The College has elected not to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship expenses. All

significant intra-institutional transactions have been eliminated.

The Foundation's statements are presented on the accrual basis of accounting in accordance with FASB pronouncements. Therefore, certain revenue recognition criteria and presentation features are different from GASB criteria and presentation features. No modifications have been made to the Foundation's financial statements included in the College's financial reporting entity for these differences.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates. Actual amounts may differ from the estimates used.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. All funds invested through the State of South Carolina State Treasurer's Office are considered cash equivalents.

Investments

Deposits and investments for the College are governed by the South Carolina Code of Laws, Section 11-9-660, "Investments of Funds." GASB Statement No. 40, *Deposits and Investment Risk Disclosures – an amendment to GASB Statement No. 3*, requires disclosures related to deposit risks, such as custodial credit risk, and investment risks, such as credit risk (including custodial credit risk and concentrations of credit risks) and interest rate risk. The College accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the fair value of investments are reported as a component of investment income in the statement of revenues, expenses and changes in net assets.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students, gift pledges, certain state and local funding and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories for internal use are valued at cost. Inventories for resale are carried at the lower of cost or market on the first-in, first-out (FIFO) basis.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The College follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years; depreciable land improvements, buildings and improvements; and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense is incurred. Certain works of art are considered inexhaustible. These capital assets are not subject to depreciation.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition.

Deferred Revenues and Deposits

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Deposits represent student fee refunds and other miscellaneous deposits. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

Compensated Absences

Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as a component of current and long-term liabilities in the statement of net assets and as a component of benefit expenses in the statement of revenues, expenses, and changes in net assets.

Net Assets

The College's net assets are classified as follows:

- *Invested in capital assets, net of related debt:* This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.
- *Restricted net assets - expendable:* Restricted expendable net assets include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.
- *Restricted net assets - nonexpendable:* Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.
- *Unrestricted net assets:* Unrestricted net assets represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The College's policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources and then to unrestricted resources.

Income Taxes

The College is exempt from income taxes under the Internal Revenue Code.

Classification of Revenues and Expenses

The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

- *Operating revenues and expenses:* Operating revenues generally result from exchange transactions to provide goods or services related to the College's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services, and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the College would not otherwise undertake. Operating expenses include all expense transactions, incurred other than those related to investing, non capital or non capital financing activities.
- *Non-operating revenues and expenses:* Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

Sales and Services of Educational and Other Activities

Revenues from sales and services of educational and other activities generally consist of amounts received from instructional activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public. Midlands Technical College receives such revenues primarily from the automotive and dental auxiliary departments.

Auxiliary Enterprises and Internal Service Activities

Auxiliary enterprise revenues primarily represent revenues generated by bookstores, food services, Enterprise Campus Authority facility rentals and vending. Revenues of internal service and auxiliary enterprise activities and the related expenditures of college departments have been eliminated.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Capitalized Interest

The College's policy is to capitalize as a component of construction in progress interest cost in excess of earnings on debt associated with capital projects that will be capitalized in the applicable capital asset categories upon completion. The College incurred \$782,483 of interest cost during the year ended June 30, 2009, of which \$694,459 was expensed and \$88,024 was capitalized.

Reclassification

Certain balances have been reclassified to conform to current year presentation.

Discretely Presented Component Unit

What follows below are the more significant accounting policies of the College's Discretely Presented Component Unit (Midlands Technical College Foundation).

The financial statements of the Foundation are presented in accordance with accounting principles generally accepted in the United States of America and are prepared on the accrual basis of accounting. Consequently, the net assets of the Foundation are reported as follows:

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unrestricted Undesignated – Unrestricted Undesignated Net Assets are not subject to donor-imposed stipulations and are available for the operations and mission of the Foundation.

Unrestricted Designated – Unrestricted Designated Net Assets are subject to Foundation Board imposed stipulations.

Temporarily Restricted – Temporarily Restricted Net Assets are subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.

Permanently Restricted – Permanently Restricted Net Assets are subject to donor-imposed stipulations that require them to be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Revenue, Gains and Other Support and Expenses and Losses – Revenues are reported as increases in the unrestricted net assets classification unless use is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met.

Expenses are reported as decreases in unrestricted undesignated or unrestricted designated net assets as appropriate. Gains and losses on investments are reported as increases or decreases in unrestricted undesignated or unrestricted designated net assets unless their use is restricted by explicit donor stipulation or by law.

Donated Services, Goods and Facilities – A substantial number of volunteers have donated an undetermined number of hours to the Foundation's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills.

During the year ended June 30, 2009, the Foundation received contributed equipment valued at approximately \$20,968 from donors. Substantially all contributions of

equipment to the Foundation become property of the College upon receipt of the property from the donor. Accordingly, the Foundation records the contributions at their fair value with an offset to college support in these financial statements.

Cash and Cash Equivalents – Cash and cash equivalents consist of cash held in checking and money market accounts with maturities of less than 90 days at the time of purchase.

Investments – Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment in real estate held for sale is reported at the lower of cost or market. Securities or other investments donated are recorded at their market value at the date of the gift.

Concentrations of Credit and Market Risk – Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited to any one institution. The Foundation has not experienced any losses on its cash equivalents. Management believes that the Foundation's investment portfolio is adequately diversified among issuers. In addition, management believes that the Foundation has the ability to hold its investment portfolio during periods of temporary market declines. Management believes the Foundation is not exposed to any significant credit risk on cash and cash equivalents.

Income Taxes – The Foundation has received a determination from the Internal Revenue Service that it is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Service.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 2 – STATE APPROPRIATIONS

State funds for the South Carolina Technical College System are appropriated to the State Board for Technical and Comprehensive Education (the Board), and the Board allocates funds budgeted for the technical colleges in a uniform and equitable manner. Appropriations are recognized as revenue when received and available. Amounts that are not expended by fiscal year-end lapse and

are required to be returned to the General Fund of the State unless the Board receives authorization from the General Assembly to carry the funds over to the next year.

The following is a detailed schedule of State appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2009:

Non-Capital and State Capital Appropriations

Non-Capital Appropriations:

Appropriations per State Board allocation	\$ 15,289,500
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Appropriations from SC Education Lottery fund	612,073
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Other:

Nursing funding	478,698
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Fire Academy	34,340
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Apprenticeship Grant	14,776
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Total Non-Capital appropriations	16,429,386
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Capital Appropriations:

State Capital	606,897
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Research University Infrastructure Bonds	37,409
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Total Non-Capital and State Capital Appropriations	<u>\$ 17,073,692</u>
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MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits – Deposits include cash and cash equivalents on deposit in banks and held by the State Treasurer. At year-end, the College's carrying amount of deposits with banks was \$7,749,596. The bank balance was \$9,529,989, of which \$1,250,000 was covered by FDIC insurance. The balance was collateralized with securities held by a third-party financial institution (as the College's agent) in the College's name. The State Treasurer held \$5,586,864 in its pooled cash funds in the College's name.

Restricted Cash – Restricted cash includes \$569,299 held for debt service reserve funds; \$1,725,396 held for maintenance, repair and replacement; and \$3,292,169 for construction as required by bond indentures.

Foreign Currency Risk – Foreign currency risk is the risk that variances in exchange rates will adversely affect the fair value of a deposit. The College's Policy is to not maintain deposits that are denominated in a currency other than the United States dollar, and therefore, is not exposed.

Investments – The College's investments at June 30, 2009, are *not* with the South Carolina State Treasurer's Office and are alternatively held by certain financial institutions in the College's name. The fair value of investments at June 30, 2009, consists solely of certificates of deposits or United States government-backed securities with maturities of less than one year. All of the securities for the reporting period were either fully collateralized or insured by the Federal Deposit Insurance Corporation.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of counterparty to a transaction, the College will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The College's investment policy limits its investments to the safest types of securities, and structures its investment portfolio so securities mature to meet cash requirements for ongoing operations, which therefore prevents the need to sell securities prior to maturity. The College monitors its investments periodically to ensure that the collateral exceeds the market value of investments.

Credit Risk – Credit risk is the risk than an issuer or other counterparty to an investment will not fulfill its obligations. The College's policy regarding credit risk of investments is that it only uses high-quality brokers and financial institutions to manage its investment portfolios. In addition,

the College's investments include only obligations of the United States Government Sponsored Enterprise Debt.

All Agencies carry credit ratings of Moody's A-1+ and S&P P-1. The Agencies strive to maintain the market perception of credit risk on par with that of the U.S. Government.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Credit Risk Concentration – Issuers that represent 5 percent or more of total investments:

<u>Summary</u>	<u>Fair Value</u>	<u>% of Investments</u>
Federal Home Loan Mortgage Corporation	\$12,978,900	41
Federal National Mortgage Association	7,992,500	25
Federal Home Loan Bank	10,981,900	34
Total Operating Portfolio:		
Fixed Income		
US Government Sponsored Enterprise Discount Notes	31,953,300	

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 3 – INVESTMENTS (continued)

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. It occurs because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Part of the interest rate risk experienced with debt securities is maturity risk. The College's investment policy is to structure its investment portfolio so securities mature to meet cash requirements for ongoing operations to prevent the need to liquidate securities prior to maturity. The weighted average maturity of the investments (including certificates of deposits held as investments) as of June 30, 2009, was 268 days. Another component of interest rate risk is the exposure to fluctuations in the purchase price caused by stated earnings rates of the investments. The weighted average stated rate for the investments (including certificates of deposit) as of June 30, 2009, was 2.02 percent.

College's Policy Regarding Custodial Risk and Interest Rate Risk for Investments

Investment Risk – The College's investment policy states that its primary objectives in priority order of investment activities shall be preservation of capital, liquidity and yield.

The College has no formal investment policy regarding custodial credit risk, although primary objectives are adhered to in accordance with management policy.

Investment Pool – The College has deposits of \$5,586,864 held as a part of the State of South Carolina Office of State Treasurer Local Government Investment Pool. Deposit risk information relating to this investment pool may be obtained from the State of South Carolina's Comprehensive Annual Financial Report. Copies of this report may be obtained from the South Carolina Office of the Comptroller General, 1200 Senate Street, 305 Wade Hampton Office Building, Columbia, South Carolina 29201, or by visiting the Comptroller General's website at <http://www.cg.state.sc.us/>.

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

A reconciliation of the College's deposits and investments on its statement of net assets to this footnote disclosure is as follows:

STATEMENT OF NET ASSETS:

Cash and cash equivalents	\$ 1,990,987
Restricted cash and cash equivalents	5,586,864
Investments	<u>37,740,058</u>
Total statement of net assets	<u>\$ 45,317,909</u>

DEPOSITS AND INVESTMENTS NOTE:

Carrying value of deposits	\$ 7,749,596
Cash on hand	28,149
Held by State Treasurer	5,586,864
U.S. Government Sponsored Enterprise Discount Notes	<u>31,953,300</u>
Total deposit and investments note	<u>\$ 45,317,909</u>

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

Discretely Presented Component Unit

The following summarizes the cost and fair values of investments at June 30, 2009:

	<u>Cost</u>	<u>Fair Value</u>
Marketable Securities:		
Mutual funds – fixed income	\$ 1,675,852	\$ 1,689,056
Mutual funds – equities	<u>3,160,692</u>	<u>2,480,461</u>
	4,836,544	4,169,517
Certificate of deposit	57,884	57,884
Real estate held for sale	<u>45,000</u>	<u>45,000</u>
	<u>\$ 4,939,428</u>	<u>\$ 4,272,401</u>

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2009, including applicable allowances, were as follows:

	Midlands Technical College	Enterprise Campus Authority	Total Primary Government
Receivables:			
Local government	\$ 26,120	\$ –	\$ 26,120
Student accounts	2,761,605	–	2,761,605
Company accounts	1,428,160	18,631	1,446,791
Federal grants and contracts	2,774,181	–	2,774,181
State grants and contracts	258,278	–	258,278
State appropriations receivable	7,294	–	7,294
Less: allowance for uncollectibles	<u>(1,054,683)</u>	<u>–</u>	<u>(1,054,683)</u>
Receivables, net	<u>\$ 6,200,955</u>	<u>\$ 18,631</u>	<u>\$ 6,219,586</u>

Allowances for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio. At June 30, 2009, the allowance for uncollectible student accounts was valued at \$1,054,683.

Contributions Receivable – Discretely Presented Component Unit

Unconditional promises to give as of June 30, 2009, are due as follows:

Within one year	\$ 48,712
One to five years	666,732
Six to ten years	<u>6,000</u>
Total	721,444
Allowance for uncollectible pledges	(59,363)
Present value discount	<u>(85,294)</u>
Contributions receivable, net	<u>\$ 576,787</u>

The discount rate used on long-term promises to give was 4 percent for 2009.

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 5 – CAPITAL ASSETS

	<u>Beginning Balance July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance June 30, 2009</u>
Capital assets not being depreciated:				
Land and improvements	\$ 5,215,485	\$ –	\$ –	\$ 5,215,485
Construction in progress	5,678,725	6,950,233	(5,678,725)	6,950,233
Works of art, historical treasures, and similar assets	<u>95,346</u>	<u>–</u>	<u>–</u>	<u>95,346</u>
Total capital assets not being depreciated	<u>10,989,556</u>	<u>6,950,233</u>	<u>(5,678,725)</u>	<u>12,261,064</u>
Other capital assets:				
Buildings and improvements	60,124,049	4,509,180	–	64,633,229
Machinery, equipment, and other	10,035,698	903,145	(291,224)	10,647,619
Vehicles	859,729	–	(23,396)	836,333
Depreciable land improvements	7,373,449	–	–	7,373,449
Intangibles	<u>512,750</u>	<u>–</u>	<u>–</u>	<u>512,750</u>
Total other capital assets at historical cost	78,905,675	5,412,325	(314,620)	84,003,380
Less accumulated depreciation for:				
Buildings and improvements	(19,904,662)	(1,750,610)	–	(21,655,272)
Machinery, equipment, and other	(8,591,546)	(824,236)	272,581	(9,143,201)
Vehicles	(839,407)	(11,208)	23,394	(827,221)
Depreciable land improvements	(3,269,065)	(349,053)	–	(3,618,118)
Intangibles	<u>(512,750)</u>	<u>–</u>	<u>–</u>	<u>(512,750)</u>
Total accumulated depreciation	<u>(33,117,430)</u>	<u>(2,935,107)</u>	<u>295,975</u>	<u>(35,756,562)</u>
Other capital assets, net	<u>45,788,245</u>	<u>2,477,218</u>	<u>(18,645)</u>	<u>48,246,818</u>
Capital assets, net	<u>\$ 56,777,801</u>	<u>\$ 9,427,451</u>	<u>\$ (5,697,370)</u>	<u>\$ 60,507,882</u>

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 6 – PENSION PLANS

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR), which includes financial statements and required supplementary information. A copy of the separately issued CAFRs may be obtained by writing to Financial Services, South Carolina Retirement Systems, PO Box 11960, Columbia, South Carolina 29211. Furthermore, the Retirement System and the four pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all state-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

South Carolina Retirement System

The majority of employees of Midlands Technical College are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally, all state employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

Employees participating in the SCRS were required to contribute 6.5% of compensation for the three most recent fiscal years ending June 30, 2009, 2008, and 2007. Effective July 1, 2007, the employer contribution rate became 12.48 percent, which included a 3.42 percent surcharge. Effective July 1, 2008, the employer contribution rate became 12.74 percent, which included a 3.50 percent surcharge to fund retiree health and dental insurance coverage. The rate remains the same for 2009. The College's actual contributions to SCRS for the three most recent fiscal years ending June 30, 2009, 2008, and 2007, were \$3,056,677, \$2,975,357, and \$3,445,081,

respectively, and equaled the required contributions of 8.05 percent (excluding the surcharge) for 2007, 9.06 percent (excluding the surcharge) for fiscal year 2008, and 9.24 percent (excluding the surcharge) for 2009. Also, the College paid employer group-life insurance contributions of \$49,621 in the current fiscal year at the rate of 0.15 percent of compensation.

Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan administered by the Retirement Division. Generally, all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to the system as a condition of employment. This plan provides annuity benefits as well as disability and group-life insurance benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund, which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Employees participating in the PORS were required to contribute 6.5 percent of all compensation for the three most recent fiscal years ending June 30, 2009, 2008, and 2007. The required contribution rate from the College, as employer, was 10.65 percent for the fiscal year ending June 30, 2009, and 10.3 percent for fiscal years ending June 30, 2008 and 2007. The College's actual contribution to the PORS for these fiscal years were equal to the required contributions and amounted to \$23,634, \$21,958, and \$26,767, respectively. In addition, the College, as employer, was required to contribute a surcharge to fund retiree health and dental insurance coverage at a rate of 3.50 percent, 3.42 percent, and 3.35 percent, for fiscal years 2009, 2008, and 2007, respectively. As a result, the College's total actual contribution rates were 14.15 percent, 13.72 percent, and 13.65 percent, for the fiscal years ended June 30, 2009, 2008 and 2007, respectively. Also, the College paid employer group-life insurance contributions of \$444 and accidental death insurance contributions of \$444 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is 0.20 percent of compensation.

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 6 – PENSION PLANS (Continued)

Optional Retirement Program

The State Optional Retirement Program (State ORP) was first established as the Optional Retirement Program for Higher Education in 1987. In its current form, the State ORP is an alternative to the defined benefit SCRS plan offered to certain state, public school and higher education employees of the state. The State ORP, which is administered by the South Carolina Retirement Systems, is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by investment providers. The state assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers and are governed by the terms of the contracts issued by them.

Under state law, contributions to the ORP are required at the same rates as for the SCRS, 9.24 percent plus the retiree surcharge of 3.50 percent from the employer in fiscal year 2009.

Employees are eligible for group life insurance benefits while participating in the State ORP. However, employees who participate in the State ORP are not eligible for post-retirement group life insurance benefits. For the fiscal year, total contribution requirements to the ORP were \$258,266 (excluding the surcharge) from Midlands Technical College as employer and \$181,681 from its employees as plan members. In addition, the College paid to the SCRS employer group life insurance contributions of \$4,193 in the current fiscal year at the rate of 0.15 percent of compensation.

Deferred Compensation Plans

Several optional deferred compensation plans are available to state employees and employers of its political subdivisions. Certain employees of the College have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The state has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate state employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

Teacher and Employee Retention Incentive

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits that will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit and are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2005, employees who choose to participate in the TERI Program will be required to make SCRS contributions. Due to the South Carolina Supreme Court decision in *Layman et al v. South Carolina Retirement System and the State of South Carolina*, employees who chose to participate in the TERI Program, prior to July 1, 2005, will not be required to make SCRS contributions.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 7 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the state provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. “Agency” contributes to the Retiree Medical Plan (RMP) and the Long-term Disability Plan (LTDP), cost-sharing multiple-employer defined benefit postemployment healthcare and long-term disability plans administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). Generally, retirees are eligible for the health and dental benefits if they have established at least 10 years of retirement service credit. For new hires May 2, 2008, and after, retirees are eligible for benefits if they have established twenty-five years of service for 100 percent employer funding, and 15 through 24 years of service for 50 percent employer funding. Benefits become effective when the former employee retires under a state retirement system. Basic long-term disability (BLTD) benefits are provided to active state, public school district, and participating local government employees approved for disability.

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by state statute to contribute at a rate assessed each year by the Office of the State Budget, 3.50 percent and 3.42 percent of annual covered payroll for 2009 and 2008, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The College paid approximately \$1,263,427 and \$1,220,206 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2009 and 2008, respectively. BLTD benefits are funded through a per-person premium charged to state agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to EIP was \$3.23 for the fiscal years ended June 30, 2009 and 2008.

Information regarding the cost of insurance benefits applicable to the College’s retirees is not available. By state law, the College has no liability for retirement benefits. Accordingly, the cost of providing these future benefits for

retirees is not included in the accompanying financial statements.

In addition, the State General Assembly periodically directs the Retirement Systems to pay supplemental (cost of living) increases to retirees. Such increases are primarily funded from Systems’ earnings; however, a portion of the required amount is appropriated from the State General Fund annually for the SCRS and PORS benefits.

Effective May 1, 2008, the state established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The South Carolina Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding include additional state appropriated dollars, accumulated EIP reserves, and income generated from investments. The Long Term Disability Insurance Trust Fund is primarily funded through investment income and employer contributions.

One may obtain complete financial statements for the benefit plans and the trust funds from Employee Insurance Program, 1201 Main Street, Suite 360, Columbia, SC 29201.

NOTE 8 – CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

The College is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of College management, there are no material claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the College’s financial position.

The College participates in certain federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

Necessary funding has been obtained for the acquisition, construction, renovation, and equipping of certain facilities, which will be capitalized in the applicable capital asset categories upon completion. At June 30, 2009, the College had remaining commitment balances of approximately \$2,434,358 with certain property owners, engineering firms, construction contractors, and vendors related to these

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 8 – CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS (Continued)

projects. Other capital projects, which are not to be capitalized when completed, are for replacements, repairs, and/or renovations to existing facilities. Remaining commitment balances with certain parties related to these projects total \$33,467 at June 30, 2009.

The College anticipates funding these projects out of current resources, current and future bond issues, private gifts,

student fees, local appropriations, and state capital improvement bond proceeds. The state has issued capital improvement bonds to fund improvements and expansion of state facilities. The College is not obligated to repay these funds to the state. Authorized funds can be requested as needed once state authorities have given approval to begin specific projects and project expenditures have been incurred. The College has \$2,619,361 of authorized state capital improvement bond proceeds available to draw at June 30, 2009.

NOTE 9 – LEASE OBLIGATIONS

Operating Leases

The College leases certain office equipment under operating leases with external parties. Future minimum payments under these non-cancelable leases are as follows:

<u>Year Ended June 30,</u>	<u>Operating Leases with External Parties</u>
2010	\$ 279,614
2011	83,875
2012	37,642
2013	28,233
2014	8,133
Total Minimum Payments	<u>\$ 437,497</u>

Operating lease payments disbursed to external parties during the fiscal year ended 2009 total \$235,182. The College's contingent rental payments were \$213,190 for copiers with expense determined on a cost-per-copy basis.

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 9 – LEASE OBLIGATIONS (Continued)

Capital Lease

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2010	<u>\$ 64,317</u>	<u>\$ 2,311</u>	<u>\$ 66,628</u>

Capital lease payable at June 30, 2009, consists of a lease secured by computer systems and peripheral equipment, dated May 4, 2005, payable in annual installments of \$66,628, beginning in 2006, and maturing on May 4, 2010, at an interest rate of 3.5 percent, with an outstanding principal balance of \$64,317 at June 30, 2009. The cost of the equipment was \$499,300 less accumulated depreciation of \$499,300.

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 10 – LINE OF CREDIT

The Commission authorized the administration to create a temporary line of credit not to exceed \$1,000,000 if needed to support the operations of the College. The line of credit was not opened during the year.

NOTE 11 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2009, are summarized as follows:

Accounts Payable	\$ 1,356,055
Student Payable	2,250
Employee Payable	14,911
Construction Payable	643,227
Retainage Payable	213,802
	<hr/>
	\$ 2,230,245
	<hr/>

Construction and Retainage payable are payables from restricted assets.

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 12 – BONDS PAYABLE

Bonds Payable

Bonds payable consisted of the following at June 30, 2009:

	Interest Rates	Original Balance	Maturity	
			Dates	Balance
General Obligation Bonds				
Series 2007A	4.0% to 5.0%	\$10,000,000	04/01/2027	\$ 9,730,000
Series 2002C	3.0% to 4.5%	5,250,000	10/01/2021	4,105,000
Series 1998A	4.5% to 4.7%	<u>4,650,000</u>	03/01/2018	<u>2,900,000</u>
Total Bonds Payable		<u>\$19,900,000</u>		<u>\$ 16,735,000</u>

General obligation bonds of the state are backed by the full faith, credit, and taxing power of the state. Tuition revenue is pledged up to the amount of annual debt requirements for the payment of principal and interest on general obligation bonds. The legal debt margin for general obligation bonds is that the maximum amount of annual debt service shall not exceed 90 percent of the sums received from tuition bond fees for the preceding fiscal year. Tuition bond fees for the

preceding year are estimated at \$1,520,830, which results in a legal annual debt service at June 30, 2009, of \$1,368,747. The annual debt service payments for the fiscal year ended June 30, 2009, were \$1,342,299.

The scheduled maturities of the bonds payable are as follows:

<u>General Obligation Bonds</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2010	\$ 625,000	\$ 717,630	\$ 1,342,630
2011	650,000	691,785	1,341,785
2012	675,000	664,160	1,339,160
2013	705,000	634,930	1,339,930
2014	740,000	604,330	1,344,330
2015 - 2019	4,215,000	2,508,475	6,723,475
2020 - 2024	5,290,000	1,523,925	6,813,925
2025 - 2029	<u>3,835,000</u>	<u>320,025</u>	<u>4,155,325</u>
Total	<u>\$ 16,735,000</u>	<u>\$ 7,665,260</u>	<u>\$ 24,400,260</u>

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 13 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2009, was as follows:

	June 30, 2008	Additions	Reductions	June 30, 2009	Due Within One Year
Bonds and Note Payable					
General obligation bonds	\$ 17,335,000	\$ –	\$ (600,000)	\$ 16,735,000	\$ 625,000
Unamortized bond premium	84,521	–	(4,487)	80,034	–*
Capital lease payable	126,395	–	(62,078)	64,317	64,317
Total bonds, notes and capital leases	17,545,916	–	(666,565)	16,879,351	689,317
Accrued compensated absences	3,658,610	1,413,962	(1,334,173)	3,738,399	180,722
Total Long-Term Liabilities	\$ 21,204,526	\$ 1,413,962	\$ (2,000,738)	\$ 20,617,750	\$ 870,039

*amortized to interest expense, straight line, 20 years

NOTE 14 – TEMPORARILY RESTRICTED NET ASSETS – DISCRETELY PRESENTED COMPONENT UNIT

At June 30, 2009, temporarily restricted net assets are available for the following specific program services:

Periods after June 30, 2009	\$ 565,941
Specific grant programs	785,639
	<u>\$ 1,351,580</u>

During the year, temporarily restricted net assets were released for satisfaction of the following restrictions:

Total program restrictions released	<u>\$301,792</u>
Time restrictions released	<u>\$ 43,040</u>

NOTE 15 – PERMANENTLY RESTRICTED NET ASSETS DISCRETELY PRESENTED COMPONENT UNIT

Permanently restricted net assets of \$2,929,508 at June 30, 2009, are restricted to investment in perpetuity; the income from which is expendable to support the Foundation's objectives.

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 16 – RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS

The Foundation exists to provide support of educational programs at Midlands Technical College. All of the Foundation's expenditures are for the operation of the Foundation, scholarships for Midlands Technical College students, or other support of Midlands Technical College. Midlands Technical College provides office space and support services to the Foundation. The value of this office space and support services was approximately \$158,500 for the year ended June 30, 2009. Additionally, the Foundation paid the College a total of \$3,000 for administrative services during the year.

NOTE 17 – RISK MANAGEMENT

The College is exposed to various risks of loss and maintains state or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets and the state assumes substantially all the risk for the following claims of covered employees:

- Unemployment compensation benefits
- Worker's compensation benefits for job-related illnesses or injuries
- Health and dental insurance benefits
- Long-term disability and group life insurance benefits

Employees elect health insurance coverage through either a health maintenance organization or through the state's self-insured plan.

The College and other entities pay premiums to the State's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities:

- Theft, damage to, or destruction of assets
- Real property, its contents, and other equipment
- Motor vehicles and watercraft
- Torts
- Natural disasters
- Medical malpractice claims against the Infirmary

The combined insurance expense for the previously mentioned benefits and insurance for the last three years incurred at the College is as follows:

- 2007 \$3,003,788
- 2008 \$3,093,511
- 2009 \$3,098,055

The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The College obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 18 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2009, are summarized as follows:

	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships</u>	<u>Utilities</u>	<u>Supplies and Other Services</u>	<u>Depreciation</u>	<u>Total</u>
Instructional	\$ 23,157,943	\$ 5,597,110	\$ 237	\$ —	\$ 3,763,601	\$ —	\$ 32,518,891
Academic Support	3,828,946	1,163,010	575	—	1,465,435	—	6,457,966
Student Services	7,372,027	1,792,446	—	—	1,331,775	—	10,496,248
Plant Operations	1,775,569	602,865	—	1,672,364	3,798,075	—	7,848,873
Institutional Support	4,703,949	1,362,481	—	—	880,821	—	6,947,251
Scholarships	—	—	10,805,481	—	—	—	10,805,481
Auxiliary Enterprises	821,239	198,877	—	31,807	7,162,940	—	8,214,863
Depreciation	—	—	—	—	—	2,946,028	2,946,028
Total	<u>\$ 41,659,673</u>	<u>\$ 10,716,789</u>	<u>\$ 10,806,293</u>	<u>\$ 1,704,171</u>	<u>\$ 18,402,647</u>	<u>\$ 2,946,028</u>	<u>\$ 86,235,601</u>

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 19 – STATEMENT OF ACTIVITIES

Midlands Technical College's transactions are reported in the Higher Education Fund, an enterprise fund, of the State of South Carolina. Following is information needed to present the College's business-type activities in the state's government-wide Statement of Activities.

	2009	2008	Increase/ (Decrease)
Charges for services	\$ 63,678,476	\$ 57,066,321	\$ 6,612,155
Operating grants and contributions	9,782,219	9,785,004	(2,785)
Capital grants and contributions	2,139,644	2,082,464	57,180
Less: expenses	(86,930,059)	(86,169,070)	(760,989)
Net program revenue (expense)	(11,329,720)	(17,235,281)	5,905,561
Transfers:			
State appropriation	16,429,386	21,417,186	(4,987,800)
State capital appropriations	606,897	118,615	488,282
Research University Infrastructure			
Bond proceeds	37,409	657,051	(619,642)
Total general revenue and transfers	17,073,692	22,192,852	(5,119,160)
Change in net assets	5,743,972	4,957,572	786,400
Prior year adjustments	–	229,118	(229,118)
Net assets-beginning	79,658,717	74,472,027	5,186,690
Net assets-ending	\$ 85,402,689	\$ 79,658,717	\$ 5,743,972

NOTE 20 – TRANSACTION WITH OTHER AGENCIES

The College had significant transactions with the State of South Carolina and various agencies. Services received at no cost from state agencies include maintenance of certain accounting records by the Comptroller General; check preparation, banking, bond trustee, and investment services from the State Treasurer; and legal services from the Attorney General. Other services received at no cost from the various offices of the State Budget and Control Board include pension plan administration, insurance plans administration, grant services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

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STATISTICAL SECTION

This section of the Midlands Technical College (the College) Comprehensive Annual Financial Report presents information that will assist in understanding the information in the financial statements, note disclosures, and the required supplementary information about the overall financial health of the College.

CONTENTS

SCHEDULES

Financial Trends

1 - 4

The schedules in this section contain trend information to assist in understanding of how the College's financial performance and well-being have changed over time.

Revenue Capacity

5 - 8

The schedules in this section contain information to assess the College's most significant revenue sources.

Debt Capacity

9 - 10

The schedules in this section present information that assess the affordability of the College's current levels of outstanding debt and the ability of the College to issue additional debt in future years.

Demographic and Economic Information

11 - 12

The schedules in this section offer demographic and economic indicators to assist in understanding the environment within which the College's financial activities occur.

Operating Information

13 - 14

The schedules in this section contain service and infrastructure data to assist in understanding how the information in the College's financial report relates to the services it provides and the activities it performs.

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FINANCIAL TRENDS



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MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF NET ASSETS BY COMPONENT
Fiscal Years 2002 - 2009

	For the Year Ended June 30,							
	2009	2008	2007	2006	2005	2004	2003	2002
Invested in capital assets, net of related debt	\$ 43,628,532	\$ 43,701,689	\$ 41,282,858	\$ 41,863,617	\$ 42,354,530	\$ 40,695,692	\$ 46,821,316	\$ 42,557,763
Restricted for Expendable:								
Capital projects	34,405,115	29,572,710	27,511,577	22,734,164	20,241,902	18,473,541	12,085,610	11,787,687
Debt service	2,302,791	1,036,401	550,985	226,150	91,547	146,043	124,283	59,982
Enterprise Campus Authority	248,939	318,372	368,612	464,151	a	a	a	a
Unrestricted	4,820,312	5,029,545	4,987,113	4,951,592	4,710,567	4,407,885	4,165,611	3,892,549
Total College net assets	<u>\$ 85,402,689</u>	<u>\$ 79,658,717</u>	<u>\$ 74,701,145</u>	<u>\$ 70,239,674</u>	<u>\$ 67,398,546</u>	<u>\$ 63,723,161</u>	<u>\$ 63,196,820</u>	<u>\$ 58,297,981</u>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2009 are available.

^a Beginning in 2006, the unrestricted net assets includes the Midlands Technical College Enterprise Campus Authority.

Source: Midlands Technical College Audited Financial Statements

Schedule 2

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF OTHER CHANGES IN NET ASSETS
Fiscal Years 2002 - 2009

	For the Year Ended June 30,							
	2009	2008	2007	2006	2005	2004	2003	2002
Income Before Other Revenues, Expenses, Gains or Losses	\$ 2,960,023	\$ 2,099,442	\$ 1,995,967	\$ 956,477	\$ 952,604	\$ 1,495,602	\$ 129,313	\$ 2,077,407
State capital appropriations	—	—	—	181,858	—	—	90,574	510,651
Other	—	—	107,250	—	—	—	—	—
Local capital appropriations	2,077,644	2,008,293	1,762,000	1,727,000	1,693,000	1,661,000	2,886,859	800,000
Research university								
Infrastructure bonds	37,409	657,051	339,970	—	—	—	—	—
Proceeds from State Capital Improvement Bonds	606,897	118,615	—	—	—	—	1,758,688	6,658,896
Proceeds from State Institution Bonds	—	—	—	—	—	—	33,405	—
Contributed capital assets	62,000	74,171	27,168	—	652,380	—	—	—
Gain on disposal of capital assets	—	—	—	—	384,212	—	—	—
Total increase in net assets	<u>\$ 5,743,973</u>	<u>\$ 4,957,572</u>	<u>\$ 4,232,355</u>	<u>\$ 2,865,335</u>	<u>\$ 3,682,196</u>	<u>\$ 3,156,602</u>	<u>\$ 4,898,839</u>	<u>\$10,046,954</u>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2009 are available.

Source: Midlands Technical College Audited Financial Statements

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF EXPENSES BY FUNCTION
Fiscal Years 2002 - 2009

	For the Year Ended June 30,							
	2009	2008	2007	2006	2005	2004	2003	2002
Expenses:								
Instruction	\$ 32,518,891	\$ 31,780,470	\$ 30,216,217	\$ 25,277,930	\$ 24,500,016	\$ 23,860,773	\$ 23,170,134	\$ 22,270,481
Academic Support	6,457,966	7,361,904	7,751,721	11,030,361	11,602,944	8,441,232	9,078,844	7,428,017
Student Services	10,496,248	10,275,959	9,006,646	9,163,890	8,860,551	8,359,302	7,811,033	7,475,511
Operation and Maintenance of Plant	7,848,873	9,360,511	8,456,033	7,366,825	5,545,289	5,654,610	4,929,832	4,024,633
Institutional Support	6,947,251	7,964,836	7,793,643	7,776,530	7,837,847	8,075,989	8,439,172	8,235,131
Scholarships	10,805,481	9,143,361	7,657,801	7,563,351	8,266,923	7,605,148	2,509,298	341,915
Auxiliary Enterprises	8,214,863	7,120,754	6,934,043	6,520,301	6,174,328	5,943,317	2,800,393	2,594,131
Depreciation	2,946,028	2,825,469	2,942,705	3,195,626	3,114,946	2,731,849	2,801,639	2,625,318
Total Operating Expenses ^a	<u>86,235,601</u>	<u>85,833,264</u>	<u>80,758,809</u>	<u>77,894,814</u>	<u>75,902,844</u>	<u>70,672,220</u>	<u>61,540,345</u>	<u>54,995,137</u>
Interest on capital asset-related debt	694,459	819,216	358,435	316,707	387,754	407,341	493,206	447,526
Loss on disposal of capital assets	—	9,021	11,098	—	11,453	—	—	—
Total Expenses	<u>\$ 86,930,060</u>	<u>\$ 86,652,480</u>	<u>\$ 81,126,265</u>	<u>\$ 78,222,619</u>	<u>\$ 76,290,598</u>	<u>\$ 71,091,014</u>	<u>\$ 62,033,551</u>	<u>\$ 55,442,663</u>

	For the Year Ended June 30,							
	2009	2008	2007	2006	2005	2004	2003	2002
Expenses:								
Instruction	37.4%	36.7%	37.2%	32.4%	32.1%	33.4%	37.5%	40.1%
Academic Support	7.4%	8.5%	9.6%	14.1%	15.2%	11.9%	14.6%	13.4%
Student Services	12.1%	11.9%	11.1%	11.7%	11.6%	11.8%	12.6%	13.5%
Operation and Maintenance of Plant	9.0%	10.8%	10.4%	9.4%	7.3%	8.0%	7.9%	7.3%
Institutional Support	8.0%	9.2%	9.6%	9.9%	10.3%	11.4%	13.6%	14.9%
Scholarships	12.4%	10.6%	9.4%	9.7%	10.8%	10.7%	4.0%	0.6%
Auxiliary Enterprises	9.4%	8.2%	8.5%	8.3%	8.1%	8.4%	4.5%	4.7%
Depreciation	3.4%	3.3%	3.6%	4.1%	4.1%	3.8%	4.5%	4.7%
Total Operating Expenses ^b	<u>99.2%</u>	<u>99.1%</u>	<u>99.5%</u>	<u>99.6%</u>	<u>99.5%</u>	<u>99.4%</u>	<u>99.2%</u>	<u>99.2%</u>
Interest on capital asset-related debt	0.8%	0.9%	0.5%	0.4%	0.5%	0.6%	0.8%	0.8%
Loss on disposal of capital assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Expenses	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Notes: a Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2009 are available.

b There was a change in allocation estimates beginning with the 2007 fiscal year from telephone usage to square footage.

Source: Midlands Technical College Audited Financial Statements

Schedule 4

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF EXPENSES BY USE
Fiscal Years 2002 - 2009

	For the Year Ended June 30,							
	2009	2008	2007	2006	2005	2004	2003	2002
Expenses:								
Salaries	41,659,673	\$ 41,493,810	\$ 38,946,598	\$ 37,437,269	\$ 35,475,529	\$ 32,879,920	\$ 31,727,924	\$ 30,586,060
Benefits	10,716,789	10,668,545	9,761,904	8,762,729	8,346,803	8,270,566	7,830,747	7,106,237
Scholarships	10,806,293	9,146,725	7,664,137	7,567,105	8,266,923	7,605,148	2,509,298	341,915
Utilities	1,704,171	1,557,301	1,507,205	1,478,465	1,322,563	1,310,794	1,178,237	1,004,628
Supplies and Other								
Services	18,402,648	20,141,414	19,936,260	19,453,620	19,376,080	17,873,943	15,492,500	13,330,979
Depreciation	2,946,028	2,825,469	2,942,705	3,195,626	3,114,946	2,731,849	2,801,639	2,625,318
Total Operating Expenses	86,235,601	85,833,264	80,758,809	77,894,814	75,902,844	70,672,220	61,540,345	54,995,137
Interest on capital								
asset-related debt	694,459	819,216	358,435	316,707	387,754	407,341	493,206	447,526
Loss on disposal of								
capital assets	—	—	9,021	11,098	—	11,453	—	—
Total Expenses	\$ 86,930,060	\$ 86,652,480	\$ 81,126,265	\$ 78,222,619	\$ 76,290,598	\$ 71,091,014	\$ 62,033,551	\$ 55,442,663

	For the Year Ended June 30,							
	(percentage of total)							
	2009	2008	2007	2006	2005	2004	2003	2002
Expenses:								
Salaries	47.9%	47.9%	48.0%	47.8%	46.6%	46.4%	51.2%	55.3%
Benefits	12.3%	12.3%	12.0%	11.2%	10.9%	11.6%	12.6%	12.8%
Scholarships	12.4%	10.6%	9.4%	9.7%	10.8%	10.7%	4.0%	0.6%
Utilities	2.0%	1.8%	1.9%	1.9%	1.7%	1.8%	1.9%	1.8%
Supplies and Other								
Services	21.2%	23.2%	24.6%	24.9%	25.4%	25.1%	25.0%	24.0%
Depreciation	3.4%	3.3%	3.6%	4.1%	4.1%	3.8%	4.5%	4.7%
Total Operating Expenses	99.2%	99.1%	99.5%	99.6%	99.5%	99.4%	99.2%	99.2%
Interest on capital								
asset-related debt	0.8%	0.9%	0.5%	0.4%	0.5%	0.6%	0.8%	0.8%
Loss on disposal of								
capital assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2009 are available.

Source: Midlands Technical College Audited Financial Statements

REVENUE CAPACITY



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MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF REVENUES BY SOURCE
Fiscal Years 2002 – 2009

	For the Year Ended June 30,							
	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:								
Student tuition and fees (net of scholarship allowances)	\$ 27,458,566	\$ 25,260,302	\$ 23,468,385	\$ 21,991,171	\$ 22,071,267	\$ 21,447,627	\$ 11,878,505	\$ 10,666,408
Federal grants and contracts	18,185,837	15,112,269	13,584,530	13,125,843	14,198,013	13,244,727	12,559,529	11,091,433
State grants and contracts	10,488,055	9,784,694	10,079,966	9,263,216	7,708,835	6,916,114	6,537,431	1,190,540
Nongovernmental grants and contracts	50,495	23,312	195,870	265,726	996,733	219,232	55,238	45,165
Sales and services	49,404	47,920	59,011	65,595	66,857	55,172	61,154	66,350
Auxiliary enterprises (net of book allowances)	7,446,119	6,837,824	6,181,968	5,842,028	5,909,485	5,586,006	3,591,881	3,313,459
Other operating revenues	579,939	732,096	742,382	707,089	562,669	598,040	639,050	433,355
Total Operating Revenues	<u>64,258,415</u>	<u>57,798,417</u>	<u>54,312,112</u>	<u>51,260,668</u>	<u>51,513,859</u>	<u>48,066,918</u>	<u>35,322,788</u>	<u>26,806,710</u>
State appropriations	16,429,386	21,417,186	19,759,248	19,059,973	19,014,685	18,323,689	21,767,831	23,757,529
Local appropriations	8,007,084	7,550,862	7,198,337	7,628,088	5,915,254	5,758,676	5,484,775	6,418,590
Investment income	1,166,228	1,951,341	1,832,051	1,189,573	664,880	256,266	297,464	368,970
Federal grants and contracts	37,968	33,116	20,484	22,816	25,887	26,025	30,184	138,914
State grants and contracts	–	–	–	17,978	194,714	155,042	92,358	29,358
State capital appropriations	606,897	118,615	–	181,858	–	–	90,574	510,651
Local capital appropriations	2,077,644	2,008,293	1,762,000	1,727,000	1,693,000	1,661,000	2,886,859	800,000
Capital asset contributions	62,000	74,171	27,168	–	652,380	–	–	–
Proceeds from state capital improvement bonds	–	–	–	–	–	–	1,758,688	–
Proceeds from state institution bonds	–	–	–	–	–	–	33,405	6,658,896
Gains on disposal of capital assets	–	–	–	–	384,212	–	115,767	–
Research university infrastructure bonds	37,409	657,051	339,970	–	–	–	–	–
Other	–	1,000	107,250	–	–	–	–	–
Total Nonoperating Revenues	<u>28,424,616</u>	<u>33,811,635</u>	<u>31,046,508</u>	<u>29,827,286</u>	<u>28,545,012</u>	<u>26,180,698</u>	<u>32,557,905</u>	<u>38,682,908</u>
Total Revenues	<u>\$ 92,683,031</u>	<u>\$ 91,610,052</u>	<u>\$ 85,358,620</u>	<u>\$ 81,087,954</u>	<u>\$ 80,058,871</u>	<u>\$ 74,247,616</u>	<u>\$ 67,880,693</u>	<u>\$ 65,489,618</u>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2009 are available. Certain classifications of revenues for fiscal years 2002-03 were changed to conform to subsequent reporting years for consistency.

Source: Midlands Technical College Audited Financial Statements

Schedule 5 (continued)

**MIDLANDS TECHNICAL COLLEGE
SCHEDULE OF REVENUES BY SOURCE
Fiscal Years 2002-2009**

	For the Year Ended June 30,							
	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:								
Student Tuition and Fees (net of Scholarship allowances)	29.6%	27.6%	27.5%	27.1%	27.6%	28.9%	17.5%	16.3%
Federal grants and contracts	19.6%	16.5%	15.9%	16.2%	17.7%	17.8%	18.5%	16.9%
State grants and contracts	11.3%	10.7%	11.8%	11.4%	9.6%	9.3%	9.6%	1.8%
Nongovernmental grants and contracts	0.1%	-	0.2%	0.3%	1.3%	0.3%	0.1%	0.1%
Sales and services	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Auxiliary enterprises (net of book allowances)	8.0%	7.5%	7.2%	7.2%	7.4%	7.5%	5.2%	5.1%
Other operating revenues	0.6%	0.8%	0.9%	0.9%	0.7%	0.8%	0.9%	0.7%
Total Operating Revenues	69.3%	63.1%	63.6%	63.2%	64.4%	64.7%	51.9%	41.0%
State appropriations	17.7%	23.4%	23.1%	23.6%	23.8%	24.7%	32.2%	36.1%
Local appropriations	8.6%	8.2%	8.4%	9.4%	7.4%	7.8%	8.1%	9.9%
Investment income	1.3%	2.1%	2.1%	1.5%	0.8%	0.4%	0.4%	0.6%
Federal grants and contracts	0.0%	-	-	-	-	-	-	0.2%
State grants and contracts	0.0%	-	-	-	0.2%	0.2%	0.1%	0.0%
State capital appropriations	0.7%	0.1%	-	0.2%	-	-	0.1%	0.8%
Local capital appropriations	2.2%	2.2%	2.1%	2.1%	2.1%	2.2%	4.3%	1.2%
Capital contributions	0.1%	0.1%	-	-	0.8%	-	-	0.0%
Proceeds from state capital improvement bonds	0.0%	-	-	-	-	-	2.6%	0.0%
Proceeds from state institution bonds	0.0%	-	-	-	-	-	-	10.2%
Gains on disposal of capital assets	0.0%	-	-	-	0.5%	-	0.1%	0.0%
Research university infrastructure bonds	0.0%	0.7%	0.4%	-	-	-	0.2%	0.0%
Other	0.0%	-	0.1%	-	-	-	-	0.0%
Total Nonoperating Revenues	30.7%	36.9%	36.4%	36.8%	35.6%	35.3%	48.1%	59.0%
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2009 are available.
Certain classifications of revenues for fiscal years 2002-03 were changed to conform to subsequent reporting years for consistency.*

Source: Midlands Technical College Audited Financial Statements

ANNUAL TUITION AND FEES
SOUTH CAROLINA PUBLIC TWO-YEAR INSTITUTIONS – IN STATE
Last Ten Academic Years

		<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Technical Colleges											
In-County											
Aiken	a	\$ 3,506	\$ 3,298	\$ 3,190	\$ 3,036	\$ 2,836	\$ 2,600	\$ 2,192	\$ 1,800	\$ 1,300	
Central Carolina	a	\$ 3,020	\$ 2,920	\$ 2,900	\$ 2,700	\$ 2,500	\$ 2,500	\$ 2,092	\$ 1,700	\$ 1,200	
Denmark	a	\$ 2,378	\$ 2,278	\$ 2,278	\$ 2,378	\$ 2,278	\$ 2,248	\$ 2,152	\$ 1,700	\$ 1,080	
Florence-Darlington	a	\$ 3,190	\$ 3,190	\$ 3,074	\$ 3,026	\$ 2,986	\$ 2,976	\$ 2,112	\$ 1,720	\$ 1,500	
Greenville	a	\$ 3,396	\$ 3,290	\$ 3,190	\$ 3,000	\$ 2,900	\$ 2,600	\$ 2,142	\$ 1,750	\$ 1,500	
Horry-Georgetown	a	\$ 3,194	\$ 3,114	\$ 2,944	\$ 2,800	\$ 2,680	\$ 2,394	\$ 2,136	\$ 1,744	\$ 1,363	
Midlands	a	\$ 3,360	\$ 3,244	\$ 3,100	\$ 3,004	\$ 2,908	\$ 2,836	\$ 2,192	\$ 1,800	\$ 1,396	
Northeastern TC	a	\$ 3,270	\$ 2,982	\$ 2,646	\$ 2,526	\$ 2,346	\$ 2,346	\$ 2,092	\$ 1,705	\$ 1,225	
Orangeburg-Calhoun	a	\$ 3,048	\$ 2,832	\$ 2,832	\$ 2,640	\$ 2,640	\$ 2,496	\$ 1,992	\$ 1,700	\$ 1,296	
Piedmont	a	\$ 3,076	\$ 3,126	\$ 2,956	\$ 2,860	\$ 2,740	\$ 2,596	\$ 2,350	\$ 1,760	\$ 1,300	
Spartanburg	a	\$ 3,314	\$ 3,194	\$ 3,094	\$ 2,902	\$ 2,806	\$ 2,660	\$ 2,132	\$ 1,740	\$ 1,400	
TC of the Lowcountry	a	\$ 3,270	\$ 3,150	\$ 3,050	\$ 3,050	\$ 2,900	\$ 2,600	\$ 2,142	\$ 1,700	\$ 1,250	
Tri County	a	\$ 3,060	\$ 2,976	\$ 2,856	\$ 2,738	\$ 2,546	\$ 2,450	\$ 2,022	\$ 1,800	\$ 1,200	
Trident	a	\$ 3,330	\$ 3,220	\$ 3,114	\$ 2,950	\$ 2,688	\$ 2,446	\$ 2,092	\$ 1,700	\$ 1,300	
Williamsburg	a	\$ 2,942	\$ 2,830	\$ 2,830	\$ 2,692	\$ 2,692	\$ 2,112	\$ 2,112	\$ 1,700	\$ 1,100	
York	a	\$ 3,244	\$ 3,124	\$ 3,124	\$ 3,036	\$ 2,886	\$ 2,736	\$ 2,108	\$ 1,712	\$ 1,236	
Two Year Regional Campus of USC In-State											
USC - Lancaster	a	\$ 5,264	\$ 4,868	\$ 4,652	\$ 4,324	\$ 4,058	\$ 3,656	\$ 3,080	\$ 2,410	\$ 2,200	
USC - Salkehatchie	a	\$ 5,264	\$ 4,868	\$ 4,652	\$ 4,324	\$ 4,058	\$ 3,656	\$ 3,080	\$ 2,410	\$ 2,200	
USC - Sumter	a	\$ 5,264	\$ 4,868	\$ 4,652	\$ 4,324	\$ 4,058	\$ 3,656	\$ 3,080	\$ 2,410	\$ 2,200	
USC - Union	a	\$ 5,264	\$ 4,868	\$ 4,652	\$ 4,324	\$ 4,058	\$ 3,656	\$ 3,080	\$ 2,410	\$ 2,200	

a Data not available

Source: South Carolina Commission on Higher Education

ANNUAL TUITION AND FEES
SOUTH CAROLINA PUBLIC TWO-YEAR INSTITUTIONS – OUT OF STATE
Last Ten Academic Years
(Continued)

		<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Technical Colleges											
Out of State											
Aiken	a	\$ 9,794	\$ 9,222	\$ 8,906	\$ 8,518	\$ 7,942	\$ 7,300	\$ 4,124	\$ 5,060	\$ 3,740	
Central Carolina	a	\$ 5,372	\$ 5,176	\$ 5,156	\$ 4,800	\$ 5,118	\$ 5,188	\$ 4,604	\$ 3,844	\$ 3,344	
Denmark	a	\$ 4,466	\$ 4,366	\$ 4,366	\$ 4,466	\$ 4,466	\$ 4,036	\$ 4,144	\$ 3,400	\$ 2,160	
Florence-Darlington	a	\$ 5,286	\$ 5,286	\$ 5,286	\$ 5,122	\$ 5,082	\$ 5,072	\$ 4,208	\$ 3,720	\$ 3,500	
Greenville	a	\$ 6,912	\$ 6,698	\$ 6,490	\$ 6,110	\$ 5,900	\$ 5,550	\$ 4,542	\$ 3,800	\$ 3,500	
Horry-Georgetown	a	\$ 5,034	\$ 4,914	\$ 4,408	\$ 4,408	\$ 4,288	\$ 4,248	\$ 4,248	\$ 3,788	\$ 2,655	
Midlands	a	\$ 9,840	\$ 9,532	\$ 9,100	\$ 8,812	\$ 8,524	\$ 8,308	\$ 6,436	\$ 5,200	\$ 3,988	
Northeastern TC	a	\$ 5,886	\$ 5,454	\$ 5,118	\$ 4,110	\$ 3,936	\$ 3,936	\$ 3,700	\$ 3,365	\$ 3,386	
Orangeburg-Calhoun	a	\$ 4,488	\$ 4,464	\$ 4,464	\$ 4,464	\$ 4,464	\$ 4,464	\$ 3,940	\$ 3,624	\$ 3,408	
Piedmont	a	\$ 4,684	\$ 4,734	\$ 4,564	\$ 4,468	\$ 4,372	\$ 4,252	\$ 3,748	\$ 3,210	\$ 2,200	
Spartanburg	a	\$ 7,048	\$ 6,110	\$ 5,988	\$ 5,490	\$ 5,370	\$ 5,200	\$ 4,332	\$ 3,940	\$ 3,600	
TC of the Lowcountry	a	\$ 7,082	\$ 6,912	\$ 5,932	\$ 5,932	\$ 3,860	\$ 3,860	\$ 3,860	\$ 3,710	\$ 3,710	
Tri County	a	\$ 6,786	\$ 6,594	\$ 6,348	\$ 6,084	\$ 5,916	\$ 5,820	\$ 5,510	\$ 5,480	\$ 3,864	
Trident	a	\$ 6,308	\$ 6,100	\$ 5,898	\$ 5,586	\$ 5,274	\$ 4,976	\$ 4,492	\$ 2,880	\$ 3,672	
Williamsburg	a	\$ 5,642	\$ 5,292	\$ 5,292	\$ 4,990	\$ 4,990	\$ 4,968	\$ 3,912	\$ 2,880	\$ 2,480	
York	a	\$ 7,288	\$ 7,000	\$ 7,000	\$ 6,664	\$ 6,336	\$ 6,016	\$ 5,204	\$ 5,100	\$ 5,016	
Two Year Regional Campuses of USC											
Out of State											
USC - Lancaster	a	\$ 12,680	\$11,780	\$11,228	\$ 10,384	\$ 9,720	\$ 8,754	\$ 7,328	\$ 5,730	\$ 5,452	
USC - Salkehatchie	a	\$ 12,680	\$11,780	\$11,228	\$ 10,384	\$ 9,720	\$ 8,754	\$ 7,328	\$ 5,730	\$ 5,452	
USC - Sumter	a	\$ 12,680	\$11,780	\$11,228	\$ 10,384	\$ 9,720	\$ 8,754	\$ 7,328	\$ 5,730	\$ 5,452	
USC - Union	a	\$ 12,680	\$11,780	\$11,228	\$ 10,384	\$ 9,720	\$ 8,754	\$ 7,328	\$ 5,730	\$ 5,452	

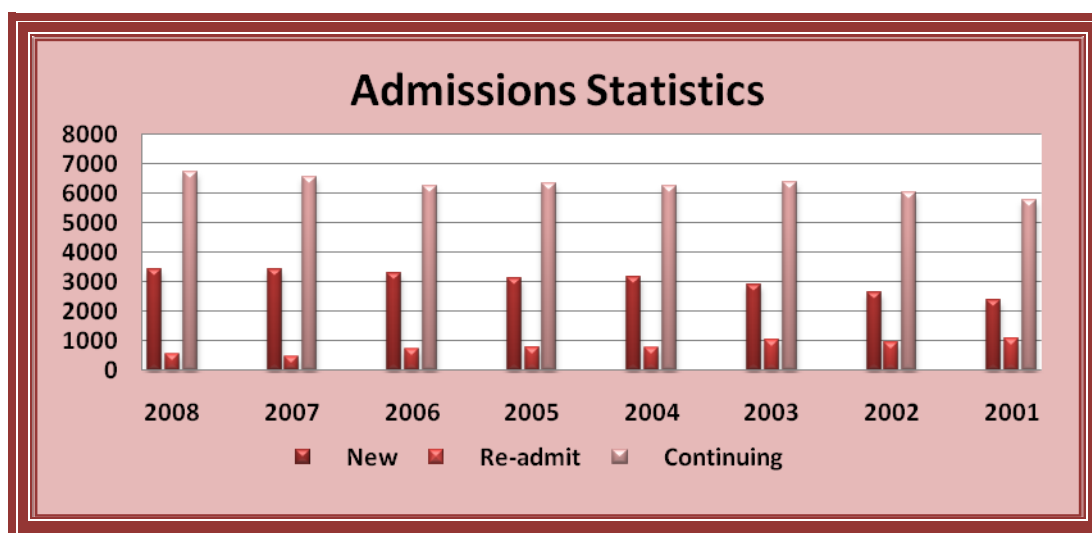
a Data not available

Source: South Carolina Commission on Higher Education

MIDLANDS TECHNICAL COLLEGE

ADMISSIONS, ENROLLMENT AND DEGREE STATISTICS Last Ten Academic Years

	Academic Year Beginning in Fall									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Degree Seeking Students										
Admission - Freshman										
New	3,416	3,402	3,281	3,126	3,154	2,885	2,624	2,397	a	a
Re-admit	554	472	721	773	752	1,038	959	1,077	a	a
Continuing	6,737	6,532	6,221	6,344	6,238	6,358	6,014	5,758	a	a
Total	10,707	10,406	10,223	10,243	10,144	10,281	9,597	9,232	a	a



Notes:

*Midlands Technical College has an open enrollment policy.
All figures are unduplicated unless otherwise stated.*

a Admissions data for 1999-2000 is not available due to system conversion.

Schedule 7 (continued)

MIDLANDS TECHNICAL COLLEGE

ADMISSIONS, ENROLLMENT AND DEGREE STATISTICS
Last Ten Academic Years
(continued)

	Academic Year Beginning in Fall									
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Enrollment (Credit Programs only)										
Undergraduate FTE	8,520	8,005	7,822	7,770	7,807	7,710	7,544	7,165	6,832	6,837
Undergraduate headcount	16,490	15,602	15,426	15,551	15,460	15,317	15,002	14,578	13,998	14,145
Percentage of men	38%	38%	37%	37%	37%	38%	39%	40%	41%	41%
Percentage of women	62%	62%	63%	63%	63%	62%	61%	60%	59%	59%
Percentage of African-American	36%	35%	37%	37%	37%	36%	36%	34%	32%	33%
Percentage of Hispanic	2%	3%	2%	2%	2%	2%	2%	2%	2%	2%
Percentage of white	54%	56%	55%	55%	54%	55%	53%	53%	53%	58%
Percentage of other	7%	6%	6%	6%	7%	7%	9%	11%	13%	7%
Degrees Granted										
	<i>(Based on IPEDS terms beginning Summer, Fall, Spring)</i>									
Associate Degree	815	904	824	872	844	828	827	831	796	841
Diploma	126	116	80	93	113	93	110	115	101	166
Certificate	725	680	679	732	805	799	675	594	594	456
Total Awarded	1,666	1,700	1,583	1,697	1,762	1,720	1,612	1,540	1,491	1,463

Notes:

Midlands Technical College has an open enrollment policy.
All figures are unduplicated unless otherwise stated.

MIDLANDS TECHNICAL COLLEGE

CREDIT STUDENT ENROLLMENT PERCENTAGES BY COUNTY Last Ten Fall Terms

Historic County of Residence

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Richland	47%	48%	48%	48%	47%	47%	47%	46%	49%	50%
Lexington	34%	34%	35%	35%	35%	35%	35%	34%	33%	33%
Fairfield	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Other	<u>17%</u>	<u>16%</u>	<u>15%</u>	<u>15%</u>	<u>16%</u>	<u>16%</u>	<u>16%</u>	<u>18%</u>	<u>16%</u>	<u>15%</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Historic Campus of Attendance*

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Airport	52%	51%	51%	52%	52%	50%	50%	48%	48%	48%
Beltline	33%	39%	39%	39%	40%	42%	43%	47%	48%	48%
Other	<u>15%</u>	<u>9%</u>	<u>10%</u>	<u>9%</u>	<u>8%</u>	<u>8%</u>	<u>7%</u>	<u>5%</u>	<u>4%</u>	<u>4%</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Historic Average Age

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Average Age	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>

*Note: Does not include Harbison Campus, which offers continuing education courses only.

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DEBT CAPACITY



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MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF RATIOS OF OUTSTANDING BONDED DEBT

Last Ten Fiscal Years

(dollars in thousands, except for per student)

	For the Year Ended June 30,				
	2009	2008	2007	2006	2005
General obligation bonds	\$ 16,735	\$ 17,335	\$ 17,910	\$ 8,330	\$ 8,725
Total outstanding debt	<u>\$ 16,735</u>	<u>\$ 17,335</u>	<u>\$ 17,910</u>	<u>\$ 8,330</u>	<u>\$ 8,725</u>
Full-time equivalent students					
Credit	7846	7775	7,802	7,741	7,539
Continuing Education	667	649	628	626	658
Total enrollment	<u>8,513</u>	<u>8,424</u>	<u>8,430</u>	<u>8,367</u>	<u>8,197</u>
Outstanding debt per FTE	\$ 1,966	\$ 2,058	\$ 2,125	\$ 996	\$ 1,064

Notes: Other debt on the Statement of Net Assets includes Notes Payable, which is not material to this presentation.
Continuing Education contact hours converted to full-time equivalent enrollment.

Source: Midlands Technical College Comprehensive Annual Financial Reports
Formula Computation Allocation Worksheet provided by the System Office for years presented.

Schedule 9 (continued)

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF RATIOS OF OUTSTANDING BONDED DEBT

Last Ten Fiscal Years

(dollars in thousands, except for per student)

	For the Year Ended June 30,				
	2004	2003	2002	2001	2000
General obligation bonds	\$ 9,105	\$ 9,460	\$ 7,985	\$ 8,360	\$ 8,720
Total outstanding debt	\$ 9,105	\$ 9,460	\$ 7,985	\$ 8,360	\$ 8,720
Full-time equivalent students					
Credit	7,786	6,957	6,388	6,118	6,844
Continuing Education	679	712	744	772	837
Total enrollment	<u>8,465</u>	<u>7,669</u>	<u>7,132</u>	<u>6,890</u>	<u>7,681</u>
Outstanding debt per FTE	\$ 1,076	\$ 1,234	\$ 1,120	\$ 1,213	\$ 1,135

*Notes: Other debt on the Statement of Net Assets includes Notes Payable, which is not material to this presentation.
Continuing Education contact hours converted to full-time equivalent enrollment.*

*Source: Midlands Technical College Comprehensive Annual Financial Reports
Formula Computation Allocation Worksheet provided by the System Office for years presented.*

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF BOND COVERAGE
Last Ten Fiscal Years

General Obligation Bonds

Fiscal Year Ended June 30,	Budgeted Capital Fees	Debt Service Requirements				Coverage Ratio
		Total Revenue Available for Debt Service	Principal	Interest	Total	
2009	\$ 1,347,947	\$ 1,347,947	\$ 600,000	\$ 742,299	\$ 1,342,299	1.00
2008	1,800,000	1,800,000	575,000	764,843	1,339,843	1.34
2007	1,800,000	1,800,000	420,000	355,818	775,818	2.32
2006	1,800,000	1,800,000	395,000	370,968	765,968	2.35
2005	1,493,820	1,493,820	380,000	385,393	765,393	1.95
2004	1,132,000	1,132,000	355,000	402,703	757,703	1.49
2003	1,132,000	1,132,000	215,000	486,370	701,370	1.61
2002	1,132,000	1,132,000	375,000	440,211	815,211	1.39
2001	1,281,033	1,281,033	360,000	460,688	820,688	1.56
2000	1,738,500	1,738,500	330,000	479,737	809,737	2.15

Source: Midlands Technical College Finance and Accounting Office

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DEMOGRAPHIC AND ECONOMIC INFORMATION



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MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

	<u>Population in College's Service Area</u> ^a			<u>Per Capita Personal Income</u>				<u>Unemployment Rate</u>			
	<u>Richland</u>	<u>Lexington</u>	<u>Fairfield</u>	<u>Richland</u>	<u>Lexington</u>	<u>Fairfield</u>	<u>South Carolina</u> ^e	<u>Richland</u> ^d	<u>Lexington</u> ^d	<u>Fairfield</u> ^d	<u>South Carolina</u> ^e
2008	364,007	248,518	23,435	b	b	b	b	6.10%	4.90%	10.80%	6.90%
2007	357,734	243,270	23,333	34,434	34,744	25,725	b	5.50%	4.40%	8.60%	5.90%
2006	348,226	240,160	23,810	33,157	33,645	25,427	29,515	5.80%	4.70%	8.80%	6.50% ^c
2005	340,078	235,272	24,047	31,518	31,575	23,926	28,285	5.90%	4.90%	7.80%	6.70%
2004	335,597	230,861	24,144	30,190	31,282	22,524	27,090	6.00%	4.90%	8.00%	6.90% ^f
2003	331,858	226,984	23,827	28,628	29,633	21,414	25,880	5.60%	4.50%	10.60%	6.80%
2002	327,830	222,723	23,884	28,166	29,034	21,024	25,370	4.80%	4.00%	8.60%	5.40%
2001	323,883	220,037	23,688	27,784	28,641	20,689	24,998	4.30%	3.70%	8.70%	5.40%
2000	321,403	216,891	23,547	27,110	28,901	20,045	24,424	3.10%	2.60%	4.80%	3.90%
1999	307,279	208,972	22,573	25,577	27,286	19,379	24,402	2.50%	1.80%	5.10%	4.50%

Sources:

^a Office of Research & Statistics, South Carolina State Budget & Control Board Annual Population Estimates for Counties of South Carolina^b Data not available^c 2006 Per Capita Personal Income is from the Bureau of Economic Analysis^d U.S. Department of Labor Bureau of Labor Statistics County Data^e U.S. Census Bureau Statistical Abstract of the United States^f Labor Market Info Online - Labor Force not seasonally adjusted data

Note: Data not available for 2009.

Schedule 12

MIDLANDS TECHNICAL COLLEGE

PRINCIPAL EMPLOYERS BY COUNTY

June 30, 2009

County		
Richland	Lexington	Fairfield
BlueCross BlueShield of South Carolina	Bi-Lo, Inc.	A T Williams Oil Company, Inc.
Cellco Partnership	Carolina First Bank, Inc.	Fairfield County Board of Disabilities and Special Needs
City of Columbia	Columbia Farms, Inc.	Fairfield County
Department of Defense	Family Dollar Stores	Fairfield Electric Cooperative, Inc.
Kilgore Group, Inc.	Lexington County	Fairfield Healthcare Center, LLC
Midlands Technical College	Lexington County Health Service	Fairfield Memorial Hospital
Palmetto GBA, LLC	Lexington County School District #1	Fairfield Middle School
Palmetto Health Alliance, Inc.	Lexington County School District #2	Fluor Daniel, Inc.
Richland County	Lexington County School District #3	Lang Mekra North America, LLC
Richland County School District #1	Lexington County School District #4	MC Squared Finishing Solutions, LLC
Richland County School District #2	Lexington County School District #5	Plastech Exterior Systems, Inc.
Sisters of Charity Providence Hospital	Lexmed, Inc.	Saint Gobain BTI, Inc.
South Carolina Department of Corrections	Lowes Home Centers, Inc.	South Carolina Electric and Gas
South Carolina Department of Mental Health	Medical Services of America, Inc.	Southern Medical of Ridgeway, Inc.
South Carolina Department of Transportation	Michelin Tire Corporation	The Ben Arnold-Sunbelt Beverage
South Carolina Health and Environmental Control	Southeastern Freight Lines, Inc.	The Wackenhut Corporation
University of South Carolina	Staffing Solutions Southeast, Inc.	Town of Winnsboro
US Postal Service	United Parcel Service	Wal-Mart Associates, Inc.
Wal-Mart Associates, Inc.	US Foodservice	Winnsboro Petroleum Company, Inc.
WJBD VA Medical Center	Wal-Mart Associates, Inc.	

Note: Due to confidentiality issues, the number of employees for each company is not available. The employers are listed alphabetically and not in order of size.

Source: South Carolina Employment Security Commission

OPERATING INFORMATION

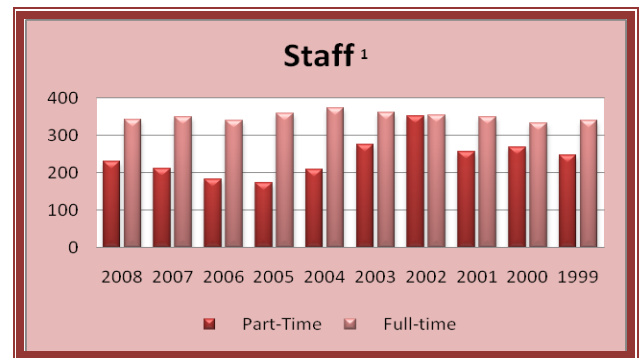
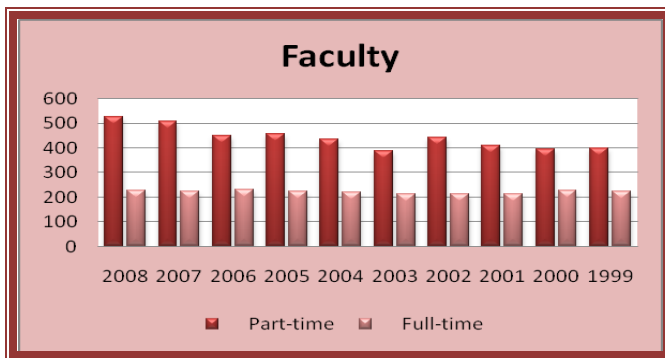


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MIDLANDS TECHNICAL COLLEGE

FACULTY AND STAFF STATISTICS Last Ten Fiscal Years

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Faculty										
Part-time	526	509	450	458	435	387	444	408	394	400
Full-time	229	225	230	223	221	212	214	213	228	223
Staff ¹										
Part-time	230	212	183	173	208	275	352	256	268	246
Full-time	341	349	340	358	372	360	355	350	333	340
Total Employees		1,295	1203	1,212	1,236	1,234	1,365	1,227	1,223	1,209
Part-time	756	721	633	631	643	662	796	664	662	646
Full-time	570	574	570	581	593	572	569	563	561	563
Average Annual Faculty Salary	\$ 49,358	\$ 48,816	\$ 46,846	\$ 45,424	\$ 43,281	\$ 41,338	\$ 40,449	\$ 40,586	\$ 39,583	\$ 37,999



Source: Integrated Postsecondary Education Data System (IPEDS) data for years indicated

Note: ¹ Includes administrators

Data not available for 2009.

Schedule 14

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF CAPITAL ASSET INFORMATION BY FUNCTION
Last Five Fiscal Years

	<u>2008 ¹</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Instruction					
Assignable Square Feet	330,442	327,371	331,243	331,243	331,879
Percent Use	55.13%	55.31%	55.55%	55.55%	55.64%
Public Service					
Assignable Square Feet	575	575	575	575	575
Percent Use	0.10%	0.10%	0.010%	0.010%	0.010%
Academic Support					
Assignable Square Feet	29,099	28,209	28,209	28,209	28,209
Percent Use	4.85%	4.77%	4.73%	4.73%	4.73%
Student Services					
Assignable Square Feet	42,669	41,159	41,159	41,159	41,159
Percent Use	7.12%	6.95%	6.90%	6.90%	6.90%
Institutional Support					
Assignable Square Feet	47,895	47,770	47,507	47,507	45,507
Percent Use	7.99%	8.07%	7.97%	7.97%	7.97%
Plant Operations and Maintenance					
Assignable Square Feet	113,857	112,047	112,839	112,839	112,405
Percent Use	19.0%	18.93%	18.92%	19.92%	18.85%
Auxiliary Enterprises					
Assignable Square Feet	34,876	34,712	34,712	34,712	34,712
Percent Use	5.82%	5.87%	5.82%	5.82%	5.82%
Total	599,413	591,843	596,244	596,244	596,446
Parking Facilities					
Parking spaces available	4,460	4,354	4,271	4,271	4,271
Number of employees	998	981	1,203	1,212	1,236
Number of students ²	3,472	3,373	3,068	3,059	3,035

¹ Latest available data

² Students park in spaces not designated

Note that Harbison and Batesburg-Leesville are included

Source: South Carolina Commission on Higher Education

OTHER INFORMATION



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College Accreditation as of June 30, 2009

Midlands Technical College is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award associate degrees, diplomas and certificates. Contact the Commission on Colleges at 1866 Southern Lane, Decatur, Georgia 30033-4097 or call 404-679-4500 for questions about the accreditation of Midlands Technical College.

Program Approval and Accreditations

The Legal Assistant/Paralegal and Court Reporting programs are approved respectively by:

- American Bar Association
- National Court Reporters Association

The Nursing programs are approved by:

- South Carolina Board of Nursing

Specific programs are accredited by:

- American Society of Health-System Pharmacists
- Association of Collegiate Business Schools and Programs
- Commission on Dental Accreditation of the American Dental Association
- Commission on Accreditation in Physical Therapy Education
- Council on Accreditation of Allied Health Education Programs
 - Council on Education of the American Health Information Management Association
 - Committee on Accreditation for Respiratory Care
 - Accreditation Review Committee on Education in Surgical Technology
 - American Association of Medical Assisting Education Review Board (MAERB)
- Joint Review Committee on Educational Programs in Nuclear Medicine Technology
- Joint Review Committee on Education in Radiologic Technology
- National Accrediting Agency for Clinical Laboratory Sciences
- National Association for the Education of Young Children (NAEYC)
- National Automotive Technicians Education Foundation (NATEF)
- National Council for Standards in Human Services Education
- National Institute for Metalworking Skills (NIMS)
- National League for Nursing Accrediting Commission
- Printing Industries of America
- South Carolina Board of Nursing
- Technology Accreditation Commission of the Accreditation Board for Engineering and Technology; Architectural, Civil and Electronics Engineering Technology (ABET)

Statement of Nondiscrimination

Midlands Technical College does not discriminate in admissions or employment on the basis of race, sex, national origin or ethnic group, color, age, religion, disability or military service in its administration of educational policies, programs and services; its admissions policies; scholarship and loan programs; or employment. In compliance with Title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1992, Midlands Technical College offers access and equal opportunity in its admissions policies, academic programs and services, and employment of disabled individuals in that no otherwise qualified person will be denied these provisions on the basis of a disability. Dr. Ronald L. Rhames has been designated to coordinate compliance with the nondiscrimination requirements contained in section 35.107 of the Department of Justice regulations, section 504 and Title IX regulation. Information concerning the provisions of the Americans with Disabilities Act and the rights and privileges thereunder are available from Dr. Rhames in his position as ADA/EOC coordinator. He can be reached at: Midlands Technical College, P.O. Box 2408, Columbia, SC 29202, (803) 822-3261.

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FEDERAL AWARDS

Single Audit Section



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MIDLANDS TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF JUNE 30, 2009

<u>Major</u>	<u>Federal CFDA Number</u>	<u>Program Year</u>	<u>Program or Award Amount</u>	<u>Accrued Revenue at 7/1/2008</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Accrued Revenue at 6/30/2009</u>
9841707 Title III	84.031A	06/07	361,435	811	(12,592)	11,781	-
9841708 Title III	84.031A	07/08	412,728	23,144	(274,778)	252,646	1,012
9841709 Title III	84.031A	08/09	381,799	-	(78,671)	103,483	24,812
			1,155,962	23,955	(366,041)	367,910	25,824
Passed Through S.C. Department of Education							
9843003 Perkins III (09VA409)	84.048	08/09	710,676	241,894	(760,974)	710,676	191,596
Total passed Through S.C. Dept of Education			710,676	241,894	(760,974)	710,676	191,596
Passed Through University of South Carolina							
9843366 Teacher Quality (05-1059)	84.336B	05/06	85,000	5,313	(8,081)	2,768	-
9843367 Teacher Quality (05-1059)	84.336B	06/07	67,368	-	(26,215)	28,484	2,269
9843368 Teacher Quality (05-1059)	84.336B	07/08	64,290	5,817	(59,141)	55,278	1,954
9843369 Teacher Quality (05-1059)	84.336B	08/09	85,347	-	(34,242)	59,518	25,277
Total passed Through University of South Carolina			302,005	11,130	(127,679)	146,048	29,500
Total U.S. Department of Education			41,407,591	591,167	(15,351,726)	17,311,209	2,550,650
U.S. Department of Labor							
9172616 Creating Capacity in Health Science	17.261	08/09	1,946,563	184,173	(536,070)	436,369	84,471
Passed Through Midlands Workforce Development Board							
9170522 WIA-Youth (8Y694C1)	17.259	08/09	491,826	48,162	(280,426)	279,193	46,929
Total passed Through Midlands Workforce Development Board			491,826	48,162	(280,426)	279,193	46,929
American Recovery and Reinvestment Act (ARRA) Funds							
Passed Through Midlands Workforce Development Board							
9172599 ARRA-WIA-Youth (8Y694C1)	17.259	08/09	19,430	-	-	12,648	12,648
Total American Recovery and Reinvestment Act (ARRA) Funds			19,430	-	-	12,648	12,648
Total U.S. Department of Labor			2,457,819	232,335	(816,496)	728,210	144,048
SC Department of Commerce							
Passed Through South Carolina Technical College System							
9172609 WIA-Federal Incentive Grant Quick Skills	17.267	08/09	156,494	-	-	36,234	36,234
Total SC Department of Commerce			156,494	-	-	36,234	36,234

MIDLANDS TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF JUNE 30, 2009

	<u>Major</u>	<u>Federal CFDA Number</u>	<u>Program Year</u>	<u>Program or Award Amount</u>	<u>Accrued Revenue at 7/1/2008</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Accrued Revenue at 6/30/2009</u>
Student Financial Assistance Cluster								
U. S. Department of Education								
9840218	*	84.007A	07/08	\$ 289,536	\$ 83,156	\$ (83,156)	\$ -	\$ -
9840219	*	84.007A	08/09	348,877	-	(317,764)	366,321	48,557
				638,413	83,156	(400,920)	366,321	48,557
9840100	*	84.033A	08/09	47,734	-	(44,014)	44,014	-
9840120	*	84.003A	08/09	429,603	33,732	(399,146)	404,305	38,892
9840128	*	84.003A	07/08	58,382	-	(52,487)	52,487	-
				535,719	33,732	(495,647)	500,806	38,892
9840317	*	84.063	06/07	10,000,000	-	1,186	(1,186)	-
9840318	*	84.063	07/08	11,095,000	75,166	(59,360)	(15,806)	-
9840319	*	84.063	08/09	13,954,848	-	(11,908,974)	13,954,848	2,045,874
				35,049,848	75,166	(11,967,148)	13,937,856	2,045,874
9843750	*	84.375	08/09	131,797	3,350	(132,172)	131,797	2,975
Total Student Financial Assistant Cluster				36,355,777	195,404	(12,995,887)	14,936,780	2,136,298
TRIO Cluster								
9841106		84.047A	05/06	287,703	90	-	(90)	-
9841107		84.047A	06/07	287,703	(457)	652	(195)	-
9841108		84.047A	07/08	296,334	49,035	(141,802)	92,767	-
9841109		84.047A	08/09	296,334	-	(124,870)	220,658	95,787
				1,168,074	48,667	(266,020)	313,140	95,787
9841208		84.044A	07/08	355,928	30,816	(90,659)	60,487	643
9841209		84.044A	08/09	355,928	-	(260,456)	290,693	30,238
				711,856	30,816	(351,115)	351,180	30,881
9841218		84.042A	07/08	267,986	20,781	(67,504)	48,342	1,618
9841219		84.042A	08/09	282,055	-	(192,183)	212,973	20,790
				550,041	20,781	(259,687)	261,315	22,408
9841308		84.066A	07/08	226,600	18,520	(56,493)	39,738	1,765
9841309		84.066A	08/09	226,600	-	(167,830)	184,422	16,591
				453,200	18,520	(224,323)	224,160	18,356
Total TRIO Cluster				2,883,171	118,784	(1,101,145)	1,149,795	167,432

MIDLANDS TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF JUNE 30, 2009

		<u>Federal CFDA Number</u>	<u>Program Year</u>	<u>Program or Award Amount</u>	<u>Accrued Revenue at 7/1/2008</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Accrued Revenue at 6/30/2009</u>
National Science Foundation								
Passed Through South Carolina State University								
9470008	SCAMP	47.064	07/08	17,713	-	(17,713)	17,713	-
9470009	SCAMP	47.064	08/09	41,373	-	(15,000)	20,255	5,255
Total Passed Through South Carolina State University				59,086	-	(32,713)	37,968	5,255
Passed Through University of South Carolina								
9470767	NSF-EFFECT	47.076	07/08	36,001	-	(10,267)	13,974	3,708
Total Passed Through University of South Carolina				36,001	-	(10,267)	13,974	3,708
Total National Science Foundation				95,087	-	(42,980)	51,942	8,963
U.S. Department of Health and Human Services								
Passed through South Carolina First Steps								
9843200	TEACH	93.575	08/09	127,000	37,107	(105,522)	102,701	34,286
9843201	TEACH bins	93.575	08/09	9,396	(4,396)	(5,000)	4,111	(5,285)
9843210	TEACH CE	93.575	08/09	4,900	(1,400)	(3,500)	2,097	(2,803)
Total U.S. Department of Health and Human Services				141,296	31,311	(114,022)	108,909	26,198
				\$ 44,258,287	\$ 854,813	\$ (16,325,224)	\$ 18,236,504	\$ 2,766,093
TOTAL FEDERAL ASSISTANCE								

Guaranteed student loans awarded totaled \$20,659,630 at June 30, 2009.

* denotes major program.

MIDLANDS TECHNICAL COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2009

1. Description

Midlands Technical College (the College) has adopted the Federal Office of Management and Budget's (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (as revised). For purposes of implementing OMB Circular A-133, federal grant awards were made susceptible to audit and are included in the Schedule of Expenditures of Federal Awards.

2. Summary of Significant Accounting Principles

Basis of Presentation

The financial activity shown in the Schedule of Expenditures of Federal Awards reflects amounts recorded by the College on the accrual basis, during its fiscal year July 1, 2008, through June 30, 2009.

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**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

The President and Members of the Area Commission
Midlands Technical College
Columbia, South Carolina

We have audited the basic financial statements of Midlands Technical College (the "College") as of and for the year ended June 30, 2009, and have issued our report thereon dated September 24, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the College's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the College's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Area Commission, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Rebecca J. Williamson, L.L.P.

September 24, 2009

DELOACH & WILLIAMSON, L.L.P.

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Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Controls Over Compliance in Accordance with OMB Circular A-133

The President and Members of the Area Commission
Midlands Technical College
Columbia, South Carolina

Compliance

We have audited the compliance of Midlands Technical College (the "College") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the College's compliance with those requirements.

In our opinion, the College's complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the members of the Area Commission, management and the federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than those specified parties.

Rebecca E. Williamson, C.C.P.

September 24, 2009

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2009

Summary of Auditors' Results:

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Midlands Technical College.
2. No material weaknesses relating to the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Midlands Technical College were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal awards is reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Controls over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Midlands Technical College expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Midlands Technical College are included below in this schedule.
7. Major federal programs:
 - Student Financial Aid Cluster
 - Supplemental Education Opportunity Grant CFDA #84.007
 - Federal Work-study CFDA #84.033
 - Pell Grants CFDA #84.063
 - Academic Competitiveness Grant CFDA #84.375
8. The threshold for distinguishing between Type A and Type B Programs was \$547,095.
9. Midlands Technical College did qualify as a low risk auditee.

Financial Statement Findings:

None were reported.

Federal Awards Findings and Questioned Costs:

No findings or questioned costs.

Status of Prior Year Findings:

None were reported.

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Independent Accountant's Report On State Lottery Tuition Assistance

The President and Members of the Area Commission
Midlands Technical College
Columbia, South Carolina

As a part of our examination of the financial statements of Midlands Technical College as of and for the year ended June 30, 2009, we reviewed the administrative procedures and internal control related to the State Lottery Tuition Assistance Program to determine that the College administered the program in accordance with State Law and Policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education.

A random sample of 25 students was selected from the College's list of financial aid recipients.

We reviewed the student records maintained by the financial aid office of each applicant randomly selected to determine that they contained all necessary information and documentation to determine eligibility. We also determined that any lottery tuition assistance awarded did not exceed the remaining cost of tuition and academic fees for the applicable semester after first applying Pell grants, Federal Supplemental Education Opportunity Grants, South Carolina Need-Based grants, and other applicable grants.

For students included in our sample not receiving funds from the Lottery Tuition Assistance Program, we determined that the students were granted the right to appeal the decision by submitting a written request to the institution's Director of Financial Aid, and determined that the students' requests were handled in accordance with the institution's financial aid procedures as reflected in the student's financial aid record.

We traced amounts to the student account detail to determine that the awarded amounts were identifiably credited to the student's account.

By analytical tools we tested all lottery recipients for the lottery award compliance with restrictions regarding limitations associated with other awards received, amounts received within each term, and eligibility criteria associated with the Life Scholarship program. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

In our opinion, the State Lottery Tuition Assistance Program has been administered in accordance with State Law and Policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education.

This report is intended solely for the use of management, the Area Commission for Midlands Technical College and management of the State Board for Technical and Comprehensive Education and should not be used by anyone other than these specified parties.

Rebeck & Williamson, L.L.P.

September 24, 2009

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